

# Guanze Medical Information Industry (Holding) Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 2427**



Annual Report

**2025**



# Contents

Corporate Information	<b>2</b>
Financial Highlights and Summary	<b>3</b>
Chairman's Statement	<b>4</b>
Management Discussion and Analysis	<b>7</b>
Biographies of Directors and Senior Management	<b>15</b>
Report of Directors	<b>18</b>
Corporate Governance Report	<b>33</b>
Independent Auditor's Report	<b>48</b>
Consolidated Statement of Profit or Loss and Other Comprehensive Income	<b>55</b>
Consolidated Statement of Financial Position	<b>56</b>
Consolidated Statement of Changes in Equity	<b>57</b>
Consolidated Statement of Cash Flows	<b>58</b>
Notes to the Consolidated Financial Statements	<b>60</b>





# Corporate Information

## **BOARD OF DIRECTORS**

### **Executive Directors**

Mr. Meng Xianzhen (*Chairman and Chief Executive Officer*)  
Mr. Guo Zhenyu

### **Non-executive Director**

Ms. Meng Cathy

### **Independent non-executive Directors**

Dr. Zhao Bin  
Dr. Chang Shiwang  
Dr. Wong Man Hin Raymond

## **BOARD COMMITTEES**

### **Audit Committee**

Dr. Wong Man Hin Raymond (*Chairman*)  
Dr. Zhao Bin  
Dr. Chang Shiwang

### **Remuneration Committee**

Dr. Chang Shiwang (*Chairman*)  
Mr. Meng Xianzhen  
Dr. Zhao Bin

### **Nomination Committee**

Dr. Zhao Bin (*Chairman*)  
Ms. Meng Cathy (*Appointed on 30 June 2025*)  
Dr. Chang Shiwang  
Mr. Meng Xianzhen (*Ceased to be chairman and member on 30 June 2025*)

## **COMPANY SECRETARY**

Mr. Cheng Cheung King (*Appointed on 31 December 2025*)  
Mr. Zhang Senquan (*Resigned on 31 December 2025*)

## **AUTHORIZED REPRESENTATIVES**

Mr. Meng Xianzhen  
Mr. Cheng Cheung King (*Appointed on 31 December 2025*)  
Mr. Zhang Senquan (*Resigned on 31 December 2025*)

## **HONG KONG LEGAL ADVISOR**

Jingtian & Gongcheng LLP

## **COMPLIANCE ADVISOR**

Yue Xiu Capital Limited  
(*A licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO*)  
Room 17-37, 49/F  
Sun Hung Kai Centre  
30 Harbour Road  
Wanchai, Hong Kong

## **PLACE OF LISTING AND STOCK CODE**

The Stock Exchange of Hong Kong Limited  
Stock Code: 2427

## **COMPANY'S WEBSITE**

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

## **HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA**

Room 501-A, Block 10  
Strategic Emerging Industry Base  
Jinan High-tech Zone  
No. 2966 Chunhui Road  
Jinan High-tech Zone  
Shandong Province  
PRC

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Unit 2908, Level 29  
Infinitus Plaza  
199 Des Voeux Road Central  
Sheung Wan  
Hong Kong

## **REGISTERED OFFICE**

The offices of Vistra (Cayman) Limited  
P.O. Box 31119 Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
Grand Cayman KY1-1205  
Cayman Islands

## **AUDITOR**

Moore CPA Limited  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
1001-1010, North Tower,  
World Finance Centre, Harbour City,  
19 Canton Road, Tsim Sha Tsui,  
Kowloon, Hong Kong

## **CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Vistra (Cayman) Limited  
P.O. Box 31119 Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
Grand Cayman KY1-1205  
Cayman Islands

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

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

## **PRINCIPAL BANKER**

Industrial and Commercial Bank of China Limited  
(Shanghai Pilot Free Trade Zone branch)



# Financial Highlights and Summary

## FINANCIAL RESULTS

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	88,447	155,740	156,072	177,112	211,076
Gross Profit	22,127	62,786	85,405	80,976	75,699
(Loss)/profit for the year attributable to owners of the Company	(29,716)	17,204	27,567	17,944	22,935

## ASSETS AND LIABILITIES

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	57,439	58,686	40,301	34,646	30,563
Current assets	213,250	245,482	272,192	293,077	173,488
Current liabilities	38,045	43,507	41,783	66,986	41,337
Net current assets	175,205	201,975	230,409	226,091	132,151
Non-current liabilities	368	155	392	96	154
Net assets	232,276	260,506	270,318	260,641	162,560
Equity attributable to the owners of the Company	231,358	259,343	269,401	260,136	162,397
Non-controlling interests	918	1,163	917	505	163

## KEY FINANCIAL RATIOS

	Notes	For the year ended 31 December				
		2025	2024	2023	2022	2021
Return on equity (%)	1	N/A	6.6%	10.2%	6.9%	14.2%
Return on total assets (%)	2	N/A	5.7%	8.8%	5.5%	11.2%
Current ratio (times)	3	5.6	5.6	6.5	4.4	4.2
Quick ratio (times)	4	4.9	4.7	4.5	2.8	3.8
Gearing ratio (%)	5	5.5%	6.8%	7.8%	9.8%	9.2%

Notes:

- Return on equity equals profit attributable to owners of the Company divided by total equity attributable to owners of the Company.
- Return on total assets equals profit attributable to owners of the Company divided by total assets and multiplied by 100%.
- Current ratio equals current assets divided by current liabilities.
- Quick ratio equals current assets less inventories and prepayments, other receivables and other assets and divided by current liabilities and multiplied by 100%.
- Gearing ratio equals total debt (including interest-bearing bank and other borrowings) divided by total equity and multiplied by 100%.



# Chairman's Statement

Dear shareholders,

The years bear witness to our hard work, and our original aspiration illuminates our journey. On behalf of the Board of Directors, I would like to extend my sincere gratitude to all shareholders, partners, and employees. I am pleased to present the Annual Report of Guanze Medical Information Industry (Holding) Co., Ltd. (together with its subsidiaries, collectively referred to as the “**Group**”) for the year ended 31 December 2025.

In 2025, the global economy exhibited a pattern of “resilient growth, intensified differentiation, and lingering risks.” The global medical imaging film industry is in the late stage of transformation characterized by “deepening digital substitution, structural market contraction, regional and scenario-based differentiation, and technological upgrading for survival.” However, in county-level and township hospitals, where equipment and digital supporting facilities remain inadequate, medical imaging film continues to serve as an essential physical evidence for medical disputes and patient referrals, maintaining its status as a rigid demand.

Looking back on the year, the healthcare industry as a whole was undergoing a cycle of policy adjustments and structural optimization. Measures such as medical insurance cost control, the normalization of centralized procurement, DRG/DIP payment reforms, and tightened budgets at medical institutions exerted short-term pressure on the selling prices and demand for medical imaging film and other consumables. At the same time, intensified homogeneous competition in regional markets, along with prolonged project acceptance and payment collection cycles, also affected the Group's revenue recognition and cash flow. In response to these downward pressures, the management team swiftly implemented countermeasures: optimizing product mix and strengthening cost control, enhancing internal operational efficiency; focusing on high-margin customers and high-value services to solidify cooperation with core medical institutions; advancing the iteration of medical imaging cloud services and software products to enhance differentiated competitiveness; and reinforcing accounts receivable management and risk control to safeguard operational security. Despite the short-term pressure on performance, the Group maintained business continuity and service stability, successfully preserving its core regional market share.

Facing downward pressure on selling prices, we have consistently adhered to the principle of “quality first,” continuously optimizing production processes to ensure core product indicators such as resolution and storage stability meet the high-end imaging diagnosis needs of hospitals. At the same time, we strengthened supply chain management, reduced production costs through large-scale procurement, maintained our product cost-performance advantage, and focused on consolidating cooperation with core medical institutions in Shandong Province to ensure supply chain stability and service response efficiency, thereby safeguarding our basic market share in the region.

Despite the performance pressure, we continued to advance the iteration of our cloud service products. We optimized core functions including image storage, remote access, collaborative diagnosis, and data analysis, while strengthening the construction of our project delivery team, simplifying acceptance procedures, and improving service response speed. We actively coordinated with customers to advance project acceptance progress, ensuring the smooth implementation of signed projects and laying a solid foundation for future business recovery and growth.



## Chairman's Statement (continued)


In response to changes in the external environment, we adjusted our market strategy by focusing on high-value customers such as tertiary hospitals and core medical consortia in Shandong Province. We enhanced the depth of integration between our software and hospitals' existing information systems, improving product practicality and compatibility. We also strengthened pre-sales consultation and after-sales service, providing customers with customized solutions to consolidate customer stickiness and reduce the extent of business decline.

In the face of the current industry adjustment and operating pressures, the Board of Directors and the management team remain fully confident in the Company's future development. We are well aware that the long-term trend toward digitization and intelligentization of medical imaging will not change, and the state's support for the healthcare industry continues to strengthen. The Group's core business and regional advantages still possess strong development potential.

Looking ahead, the Group will adhere to the core strategy of "stabilizing the basic market, pursuing transformation, and cultivating new momentum." Key initiatives will include: (1) continuously optimising the product structure of medical imaging film and increasing the proportion of high-end products; accelerating the integration of medical imaging cloud services with AI technology to expand into primary-level and medical consortium markets; enhancing the customization capabilities of software services to improve customer stickiness and renewal rates; (2) building core competitiveness around "integrated medical imaging solutions," promoting the synergistic development of the three major business segments—consumables, cloud services, and software—to provide customers with one-stop services; exploring new business scenarios such as remote collaborative diagnosis and medical imaging data analysis to cultivate new profit growth points; (3) continuously optimising the cost structure, strengthening cash flow and accounts receivable management to ensure the Company's financial soundness; closely monitoring industry policies and market changes, and promptly adjusting business strategies to prevent various operational risks; (4) continuing to improve the corporate governance system and enhance the quality of information disclosure; upholding the original aspiration in healthcare, continuing to provide stable and reliable services to medical institutions, caring for employees and social development, and promoting corporate growth with the concept of sustainable development.

Since its listing, the Company has strictly complied with the Hong Kong Listing Rules and corporate governance practices, continuously improving its governance structure, internal control systems, and information disclosure mechanisms to protect shareholders' interests and enhance operational transparency. We fully recognize that the medical imaging business carries the responsibility for health, and have always prioritized medical safety, service efficiency, and customer value. We continue to invest in technological optimization and service upgrades to promote the standardization and accessibility of regional medical imaging services.

The Group has established an ESG framework to advance its sustainable development strategy. We will also monitor climate-related risks and opportunities to ensure that our climate development and performance align with expected progress. In the future, the Board will continue to strengthen ESG risk management, improve ESG working mechanisms and supervision processes, and elevate ESG performance. Our operations comply with the environmental protection laws and regulations promulgated by the Chinese government. Given the nature of our business, our operational activities do not directly generate industrial pollutants; therefore, they do not have any material negative impact on the environment. We also promote green office practices to reduce our carbon footprint and continuously raise employees' environmental awareness.



## Chairman's Statement (continued)

Looking forward, with the advancement of new healthcare infrastructure, the implementation of tiered diagnosis and treatment, and the accelerated construction of regional medical imaging centers, medical imaging cloud services, intelligent diagnosis, and integrated solutions still possess significant long-term growth potential. The Group will steadfastly pursue three major directions: first, consolidating its advantages in medical imaging film supply and addressing selling price pressure through quality enhancement and cost control; second, accelerating the sales of medical imaging cloud services and software to create a synergistic growth model of “consumables + cloud + software”; and third, deepening its presence in Shandong while radiating to surrounding areas, expanding high-quality medical institutions and medical consortium customers, and increasing average revenue per customer and retention rates. At the same time, the Group will continue to strengthen compliant operations, risk management, and cash flow security to deliver steady performance and repay shareholders' trust.

The road ahead has been rugged and full of challenges, yet the future remains vast and promising. On behalf of the Board of Directors, I would like to express my heartfelt thanks to all shareholders for their understanding, tolerance, and unwavering support; to the management team and all employees for their dedication and solidarity in overcoming difficulties; and to regulatory authorities at all levels, medical partners, and all sectors of society for their strong support. The Board will continue to fulfill its duties with diligence and prudence, leading the Group to seize opportunities amid adjustment and achieve breakthroughs in transformation, striving to restore sustainable profitability, create long-term value for shareholders, and contribute professional strength to the healthcare industry.

**Mr. Meng Xianzhen**

*Chairman*

PRC, 31 March 2026



# Management Discussion and Analysis

## SUMMARY

The Company is a comprehensive medical imaging solutions provider, principally engaged in providing medical imaging film products, medical imaging cloud services and sale of software in Shandong Province. The Company is a holding company of the Group which was incorporated in the Cayman Islands as an exempted company with limited liability on 11 December 2020 to prepare for the Listing and was listed on the Main Board of the Stock Exchange on 29 December 2022. We are a provider in Shandong Province which provides medical imaging film products together with medical imaging cloud services.

## BUSINESS REVIEW

We have been the distributor of international medical imaging film products since 2016. Leveraging on our established customer base in the medical imaging market in Shandong Province and with a view to increasing our profitability, we have provided our self-branded medical imaging film products to our customers in Shandong Province since 2018. Having established a market position in the medical imaging film products market in Shandong Province and by riding on the increasing demand for medical imaging informatization and medical imaging cloud platform, we tapped into the medical imaging cloud services market by providing hospitals and healthcare institutions with medical imaging cloud services in 2017.

### 1. Sales of medical imaging film products and software

We are engaged in the sales of (i) medical imaging films procured from international brands; and (ii) medical imaging films and software under our own “冠澤慧醫” (Guanze Huiyi) brand to hospitals and healthcare institutions. In the course of the sales of medical imaging films, depending on our customers' needs, we will provide them with the corresponding self-service film output printer and/or medical image printer free of charge. Occasionally, we also provide medical image data distribution system (including CDs) without charging our customers. The types of medical imaging films distributed or provided by us primarily include medical dry laser films, thermal films and medical printing films.

For the Reporting Period, the revenue from the sales of medical imaging film products and software was RMB86.2 million (2024: RMB146.5 million). The level of revenue decreased by 41.2% when compared with 2024, which is mainly due to the net impact of the following factors: 1) revenue generated from sales of medical imaging film products decreased by approximately RMB42.5 million to approximately RMB75.5 million (2024: RMB118.0 million) as a result of the decrease in average selling price of medical imaging film products resulted from the decrease in selling price of medical imaging film products to some customers and selling medical imaging film products at lower prices to explore new markets; 2) decrease in quantity of medical imaging film products sold; and 3) revenue generated from sales of medical imaging software decreased by RMB17.8 million during the Year.

### 2. Provision of medical imaging cloud services

We offer four types of medical imaging cloud services including (i) digital medical imaging cloud storage platform; (ii) digital medical image platform; (iii) regional imaging diagrams platform; and (iv) PACS system, in the course of the sales of medical imaging films. We procure software which offers the above services from our software suppliers. We also engage our software suppliers for updates on the software including adding new functions and clearing bugs for at least four times a year. Our Group is responsible for installing the software to the existing information technology systems of our customers. To connect the software and the existing information technology systems of our customers, we are also required to (i) formulate an application program interface (API) and (ii) install a hard drive called front-end processor on-site.



# Management Discussion and Analysis (continued)

For the Reporting Period, the revenue from provision of medical imaging cloud services decreased by 76.1% to approximately RMB2.2 million from approximately RMB9.2 million for the year ended 31 December 2024. The decrease was mainly due to the corresponding reduction in sales income from imaging film products.

## OUR STRATEGIES

We intend to adopt the following strategies to further develop our business:

- expand our customer base and further consolidate our market presence in Shandong Province by expanding to the rest part of Shandong Province;
- enhance the delivery of our medical imaging cloud services through strategic acquisition, obtaining the medical device registration certificate and upgrade of our hardware and software;
- horizontally expand our value chain by broadening our product offerings;
- continue to promote our brands and increase market awareness by participating in exhibitions; and
- upgrade our information technology systems.

## IMPACT OF POLICY AND UNCERTAINTIES

Our business operation, financial results and our cashflow may be adversely affected if the “Two Invoice System” is fully implemented in medical imaging films industry in Shandong Province. As part of the measures for the PRC healthcare system reform, the State Council together with seven other central government departments (including the NHFPC and the State Administration of Food and Drug) jointly issued the Notice on Opinions on the Implementation of the Two Invoice System in Drug Procurement by Public Medical Institutions (for Trial Implementation) (《關於在公立醫療機構藥品採購中推行兩票制的實施意見(試行)》) on 26 December 2016. Pursuant to the above notice, public medical institutions are required to implement the “Two Invoice System” for drug procurements gradually and encourage other medical institutions to promote the same with an aim to promote the “Two Invoice System” across the nation by 2018.

## OUTLOOK

According to the 2025 Blue Book on the Current Status and Trends of Internationalization of China’s Medical Device (《2025年中國醫療器材國際化現況與趨勢藍皮書》) published by Frost & Sullivan in June 2025, driven by factors such as advances in innovative technologies, population aging, a sustained growth in the number of chronic disease patients and rising medical demand, China’s medical device industry has maintained a relatively stable growth rate.



# Management Discussion and Analysis (continued)

Faced with enormous market opportunities, our Group has chosen to vigorously develop medical imaging cloud services business amid the transformation of traditional medical imaging film products. According to a press release dated 20 October 2025 published on the website of the National Health Commission of the PRC, it is expected that a number of high-quality datasets and trusted data spaces for the healthcare industry will be established by the end of 2027. Coupled with the development of clinical and specialty AI models and intelligent applications to support primary healthcare diagnosis and clinical decision-making for specialty diseases, as well as AI-assisted patient services, such applications will be widely adopted across various medical institutions. By 2030, AI-assisted primary healthcare diagnosis will become prevalent, driving the extensive application of AI technologies such as AI-assisted medical imaging and clinical diagnosis. Our Group's PACS software, which assists hospitals and medical institutions in the digitalisation and management of digital medical imaging information, constitutes a fundamental component of the aforementioned healthcare data pools and AI applications.

The National Healthcare Security Administration launched the cross-provincial retrieval of the national medical insurance imaging cloud on 20 November 2025. To date, the deployment of medical insurance imaging cloud software has been completed in 27 provinces including Beijing, Tianjin and Hebei. It is expected that a national "unified network" for medical insurance imaging will be established by the end of 2027. Going forward, the medical insurance imaging cloud will not only facilitate the sharing of medical images and achieve the seamless connection of personal health information, but also empower medical institutions, clinicians in their diagnosis and treatment, AI-assisted diagnosis and treatment, cloud storage, commercial insurance companies, etc. with data, thereby promoting the integrated development of new productive forces in the healthcare sector. Medical imaging information such as CT and X-ray scans of patients can be uniformly collected into the national medical insurance imaging cloud platform in the future. Our Group's business strategy of developing PACS software solutions and medical imaging cloud services is aligned with the industry trends.


Therefore, we believe that our efforts to vigorously develop the medical imaging cloud services business and expand our product offerings to increase our revenue in the long term will strengthen our position as a one-stop provider of medical imaging solutions.

## **The Group's Business Development Strategy**

As a listed medical imaging solution provider, we must be vigilant of the current situation that we face. We will seize opportunities to overcome challenges and improve the equipment of related medical devices at the same time. We endeavor to keep an open mind towards transformation in order to clearly recognize the state of affairs so as to formulate effective development strategies. In summary, we are committed to the following:

### **(a) Strengthening operational risk management**

Firstly, we will strengthen the business training for relevant staff to enable a good awareness of risk management, and supervise all processes such as storage, sales, and installation of medical devices. Secondly, the medical device recall system must be prepared in advance, and corresponding coping strategies must be in place. We must carry out risk management at the institutional level, to improve the comprehensive mechanism and the response mechanism for issues.



# Management Discussion and Analysis (continued)

## **(b) Creating a strong brand strategy**

Brand strategy is an inseparable focus of marketing activities and business operations, and an intangible asset. Branding can provide businesses and customers with more value than the products.

## **(c) Strengthening financial risk control**

We will focus on capital operation risk control, including inventory management, based on sales. When preparing production budgets, we will evaluate and analyze market conditions and sales conditions to avoid increasing inventory backlogs due to blind production. We will guard ourselves against capital recovery risks and strengthen working capital risk management and control, etc.

## **Technological Innovation**

Pursuant to the Guiding Opinions on Further Promoting the Mutual Recognition of Examination Results among Medical Institutions (《關於進一步推進醫療機構檢查結果互認的指導意見》) jointly issued by eight ministries and commissions including the National Health Commission and the National Healthcare Security Administration in 2024, the medical insurance imaging cloud was explicitly designated as the core pathway for cross-institutional sharing, and incorporated into the development of regional public health information platforms and medical insurance information platforms. It is anticipated that a national “unified network” for medical insurance imaging cloud data will be established by the end of 2027.

The launch of the medical insurance imaging cloud pathway marks a pivotal step for the national medical insurance platform to evolve into a national health platform serving China’s 1.4 billion population. Commencing in December 2024, the National Healthcare Security Administration officially rolled out the medical insurance imaging cloud sharing pathway, facilitating the gradual interconnection and sharing of medical insurance imaging information nationwide. By enabling cloud storage and sharing of medical imaging information, the medical insurance imaging cloud breaks down information silos, allowing physicians to quickly access patients’ historical examination data for diagnosis and treatment.

Our Group’s cloud PACS system is tailored for various medical institutions, enabling the integration of imaging equipment through the SaaS model. Leveraging an ultra-lightweight application, it builds an innovative imaging system solution featuring efficient transmission, digital image reading, rapid deployment and easy maintenance, which transcends the constraints of time and space and alleviates the workload of radiologists. The digital medical imaging data of our medical cloud PACS system can be stored on our digital medical cloud storage platform, allowing authorized users to access the data in the medical cloud PACS system anytime and anywhere with an internet connection. We believe that our research and development capabilities are the cornerstone of our long-term competitiveness and the driving force for our future growth and development.



# Management Discussion and Analysis (continued)

## FINANCIAL REVIEW

The revenue of the Group was derived from the: (i) sales of medical imaging film products and software; and (ii) provision of medical imaging cloud services in Mainland China during the Year.

### Revenue

For the Year, the total revenue decreased by 43.2% to approximately RMB88.4 million (2024: RMB155.7 million). The decrease was primarily attributable to the decrease in sales of medical imaging film products and medical imaging cloud services:

#### (i) Sales of medical imaging film products and software

For the Year, revenue generated from sales of medical imaging film products and software decreased by approximately RMB60.3 million, or 41.2%, to approximately RMB86.2 million (2024: RMB146.5 million), which is mainly due to the net impact of the following factors: 1) revenue generated from sales of medical imaging film products decreased by approximately RMB42.5 million to approximately RMB75.5 million (2024: RMB118.0 million) as a result of the decrease in average selling price of medical imaging film products resulted from the decrease in selling price of medical imaging film products to customers and selling medical imaging film products at lower prices to explore new markets; 2) decrease in quantity of medical imaging film products sold; and 3) revenue generated from sales of medical imaging software decreased by RMB17.8 million or 62.5%, to approximately RMB10.7 million (2024: RMB28.5 million) as a result of reduce of customer .

#### (ii) Provision of medical imaging cloud services

For the Year, revenue generated from the provision of medical imaging cloud services decreased by approximately RMB7.0 million, or 76.1%, to approximately RMB2.2 million (2024: RMB9.2 million). The decrease was mainly due to the reduction in sales income from imaging film products.

### Cost of Sales

For the Year, cost of sales decreased by 28.7% to approximately RMB66.3 million (2024: RMB93.0 million), which was mainly because the number of medical imaging film products sold decreased by 30.5% to 11.6 million (2024: 16.7 million) during the Year.

### Gross Profit and Gross Profit Margin

For the Year, the Group's gross profit decreased by RMB40.7 million to approximately RMB22.1 million (2024: RMB62.8 million), which was primarily due to the decrease in average selling price and number of medical imaging film products.

For the Year, the gross profit margin decreased by approximately 15.3 percentage points to approximately 25.0% (2024: 40.3%), which was primarily attributable to the decrease in average selling price of medical imaging film products.

### Other Income and Other Gains and Losses

For the Year, the Group's other income and other gains and losses decreased by approximately RMB2.4 million, or 27.9%, to approximately RMB6.2 million (2024: RMB8.6 million). The decrease was mainly attributable to the decrease in gains of government grants.



# Management Discussion and Analysis (continued)

## **Selling and Distribution Expenses**

For the Year, the Group's selling and distribution expenses increased by approximately RMB2.2 million, or 12.4%, to approximately RMB20.0 million (2024: RMB17.8 million), which was mainly attributable to increase in depreciation of property, plant and equipment during the Year.

## **Administrative Expenses**

For the Year, the Group's administrative expenses increased by 2.9% to approximately RMB14.2 million (2024: RMB13.8 million).

## **Finance costs**

For the Year, the Group's finance costs decreased by approximately RMB0.2 million, or 28.6%, to approximately RMB0.5 million (2024: RMB0.7 million).

## **Income tax credit/expense**

For the Year, the Group's income tax credit/expenses decreased by approximately RMB10.3 million, or 115.7%, to an income tax credit of approximately RMB1.4 million (2024: income tax expense of approximately RMB8.9 million) as a result of a loss before tax of approximately RMB31.4 million for the Year (2024: Profit before tax of RMB26.3 million).

## **(Loss)/profit for the Year**

As a result of the cumulative effect of the above factors, the Group's loss increased by approximately RMB47.4 million, or 270.9%, to approximately RMB29.9 million (2024: RMB17.5 million).

## **Liquidity and Financial Resources**

As at 31 December 2025, the Group reported net current assets of approximately RMB175.2 million (as at 31 December 2024: RMB202.0 million); cash and cash equivalents balances decreased by approximately RMB6.3 million to approximately RMB21.9 million (as at 31 December 2024: RMB28.2 million).

For the Year, the net cash generated from operating activities was approximately RMB10.4 million (2024: RMB29.6 million). The cash generated from operating activities was mainly from the operating profits during the Year.

For the Year, the net cash used in investing activities was approximately RMB11.3 million (2024: RMB37.2 million). The net cash used in investing activities was mainly attributable to the purchase and prepayment of property, plant and equipment. For the Year, the net cash used in financing activities was approximately RMB5.3 million (2024: the net cash used in financing activities was RMB32.5 million).

As of 31 December 2025, the Group maintained a healthy liquidity position. The Board expects that the bank loans will be settled by funding from internal resources or extended as it becomes due. All principal banks will continue to provide funding to the Group for its business operation.

## **Prepayment, other receivables and other assets**

The prepayments, other receivables and other assets mainly represented the prepayment provided to the suppliers for procuring the self-branded medical imaging film products, deposits and other receivables. In particular, the Group recorded a decrease in prepayment, other receivables and other assets by approximately RMB4.2 million to approximately RMB24.5 million (2024: RMB28.7 million). The decrease is mainly due to a net effect of the delivery of all the goods in 2025 in respect of the prepayments made to suppliers for purchasing self-branded medical imaging film products in 2024 and increase of a prepaid expense for research and development.



# Management Discussion and Analysis (continued)

## Bank Borrowings

As of 31 December 2025, the Group had outstanding interest-bearing bank loans of RMB12.8 million (as at 31 December 2024: RMB17.7 million).

## Contingent Liabilities

As at 31 December 2025, the Group had no significant contingent liabilities (as at 31 December 2024: nil).

## Capital Commitments

As at 31 December 2025, the Group had no significant capital commitments (as at 31 December 2024: nil).

## Foreign Exchange Exposure

The sales and purchases of the Group were denominated in Renminbi. The cash and cash equivalents of the Group were mainly denominated in Renminbi and Hong Kong dollars. The borrowings are denominated in Renminbi. Since the Group's exposure to fluctuations in foreign exchange rates was minimal, the Group has not implemented any foreign currency hedging policy at the moment. However, the management will closely monitor the foreign exchange exposure of the Group and will consider hedging the foreign exchange exposure if it becomes significant to the Group.

## Pledge of Assets

As at 31 December 2025, certain of the Group's buildings and prepaid land lease payments with a net carrying amount of approximately RMB8.1 million were pledged to secure some of the Group's interest-bearing bank borrowings (as at 31 December 2024: RMB8.6 million).

## Gearing Ratio

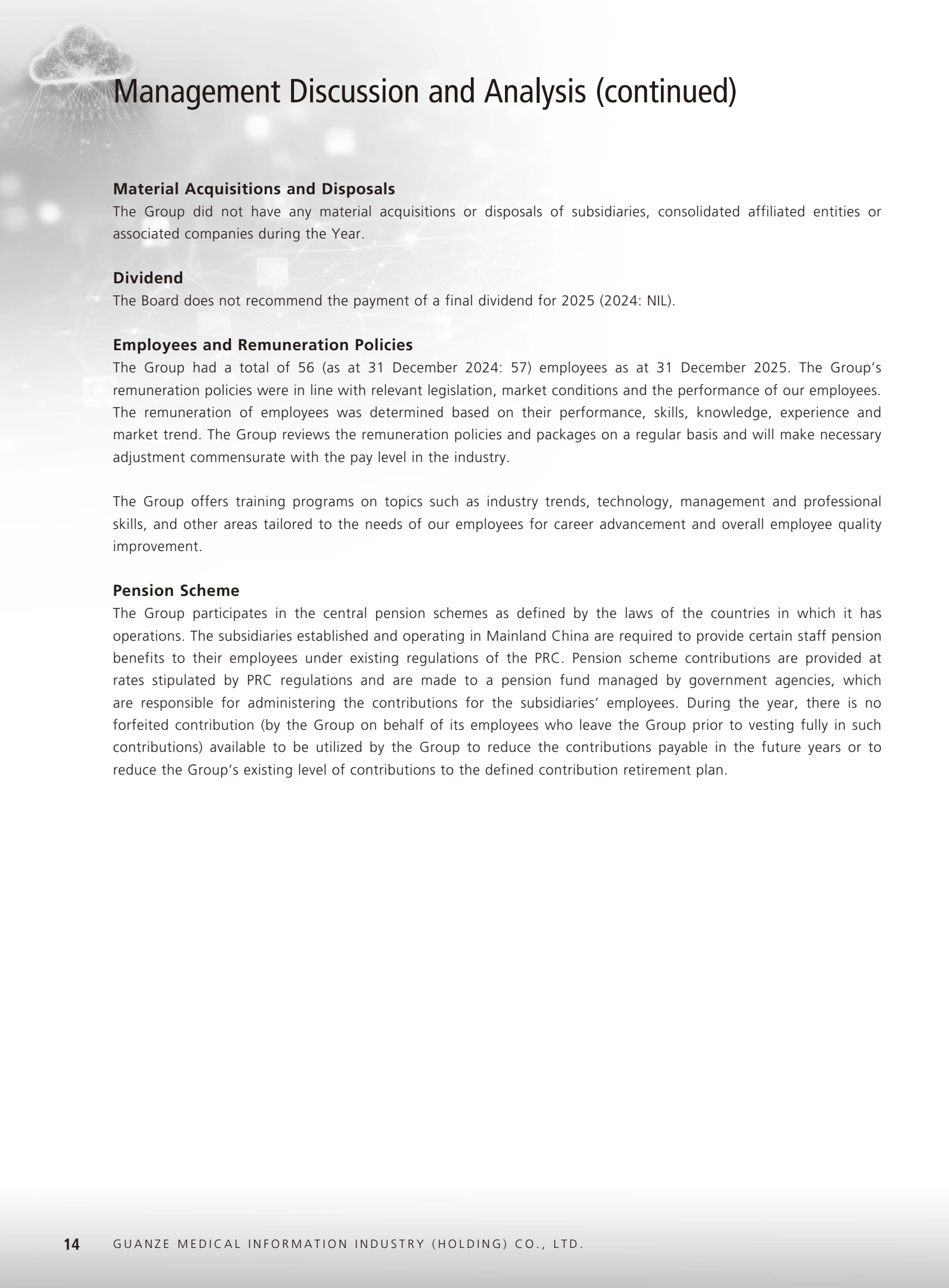
As at 31 December 2025, the Group's gearing ratio decreased by 1.3 percentage points to 5.5% (as at 31 December 2024: 6.8%), which was mainly due to the decrease in interest-bearing bank borrowings. The gearing ratio is calculated by dividing total debt (including interest-bearing bank and other borrowings) by total equity at the end of the respective years.

## Material Investments

The Group did not make any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 31 December 2025) during the Year or have future plans for material investments or capital assets in the coming year as at the date of this announcement.

## Events after the reporting period

On 28 January 2026, FUNDE (HONG KONG) INVESTMENT HOLDINGS CO., LIMITED (a company incorporated in Hong Kong with limited liability, which is ultimately beneficially owned as to 94% by Mr. Cheung Chun and as to 6% by Ms. Tao Meiyang, the spouse of Mr. Cheung Chun) entered into a sale and purchase agreement dated 28 January 2026 with Meng A Capital Limited, for the acquisition of 699,164,575 shares, representing approximately 73.6% of the total issued shares capital, of the Company, completion of which is conditional upon the satisfaction or waiver (if applicable) of certain conditions precedent contained therein. On 6 February 2026, following satisfaction (or waiver, as applicable) of the conditions precedent, completion of the sale and purchase agreement took place. Accordingly, from that date, the ultimate controlling party of the Company is Mr. Cheung Chun. For detail, please refer to the announcements of the Company dated 27 January 2026, 29 January 2026 and 11 February 2026.



# Management Discussion and Analysis (continued)

## **Material Acquisitions and Disposals**

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the Year.

## **Dividend**

The Board does not recommend the payment of a final dividend for 2025 (2024: NIL).

## **Employees and Remuneration Policies**

The Group had a total of 56 (as at 31 December 2024: 57) employees as at 31 December 2025. The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees. The remuneration of employees was determined based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry.

The Group offers training programs on topics such as industry trends, technology, management and professional skills, and other areas tailored to the needs of our employees for career advancement and overall employee quality improvement.

## **Pension Scheme**

The Group participates in the central pension schemes as defined by the laws of the countries in which it has operations. The subsidiaries established and operating in Mainland China are required to provide certain staff pension benefits to their employees under existing regulations of the PRC. Pension scheme contributions are provided at rates stipulated by PRC regulations and are made to a pension fund managed by government agencies, which are responsible for administering the contributions for the subsidiaries' employees. During the year, there is no forfeited contribution (by the Group on behalf of its employees who leave the Group prior to vesting fully in such contributions) available to be utilized by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the defined contribution retirement plan.



# Biographies of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Meng Xianzhen (孟憲震) (“Mr. Meng”)**, aged 57, is the founder of our Group and the Chairman, the chief executive officer and an executive Director of our Company. Mr. Meng was appointed as a Director on 11 December 2020 and was re-designated as an executive Director on 17 September 2021. Mr. Meng is primarily responsible for the overall business and strategic planning, operations and management of our Group. Mr. Meng is currently a director of all subsidiaries of our Group. Mr. Meng is the father of Ms. Meng Cathy.

Mr. Meng has over 30 years of experience in sales and corporate management in the medical device industry. Mr. Meng founded Shanghai Guanze in November 2015 and has been serving as its executive director and legal representative from November 2015 to November 2017 and since June 2019, primarily responsible for the overall business and strategic planning, operations and management of Shanghai Guanze. Since November 2015 and August 2018, he has also been serving as the chief executive officer of each of Shanghai Guanze and Jinan Guanze, respectively, and is primarily responsible for the overall management of Shanghai Guanze and Jinan Guanze.

Mr. Meng obtained a bachelor’s degree in engineering, majoring in scientific instrument engineering, from Xiamen University (廈門大學) in July 1991. He further obtained a master’s degree in economics, majoring in industrial economics from Shandong University (山東大學) in June 2006.

**Mr. Guo Zhenyu (郭振宇) (“Mr. Guo”)**, aged 48, was appointed as a Director on 17 September 2021 and was re-designated as an executive Director on the same date. He is the chief sales officer of our Company and is primarily responsible for overseeing the sales and marketing management of our Group.

Mr. Guo has over 20 years of experience in sales and management in the medical device industry. Mr. Guo joined Shanghai Guanze as the chief sales officer in November 2015, responsible for the overall management of sales department and the supervision of the works of sales specialists.

Mr. Guo obtained a bachelor’s degree in management, majoring in economics management, from North China Institute of Traffic Engineering (華北交通工程學院) in July 2005. He obtained the certificate of Shandong Province Computer Application Ability Assessment (Intermediate Level) from the Computer Application Ability Assessment Office of Shandong Province (山東省計算機應用能力考核辦公室) in December 2002.

## NON-EXECUTIVE DIRECTOR

**Ms. Meng Cathy (“Ms. Meng”)** (former name: Meng Qingyang (孟慶楊)), aged 27, was appointed as a Director on 17 September 2021 and was re-designated as a non-executive Director on the same date. Ms. Meng is primarily responsible for providing advice on the overall development of our Group. Ms. Meng is the daughter of Mr. Meng.

Ms. Meng obtained a bachelor’s degree in science, majoring in bioengineering, from the University of California, Berkeley, in the United States in May 2020. Since September 2020, Ms. Meng has been serving as the associate consultant of the San Francisco office of Bain & Company, Inc., a company engaging mainly in management consultancy, and is primarily responsible for customer communication, project implementation and researching on innovative solutions.

Since April 2024, Ms. Meng has held the position of Strategic Operations Manager at Uber Technologies, a technology company that offers a platform for ride-sharing, food delivery, and other logistical services. Ms. Meng is based in the Toronto office and is primarily responsible for driving growth for various strategic verticals, process optimization, and project execution.



# Biographies of Directors and Senior Management (continued)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. Zhao Bin (趙斌) (“Dr. Zhao”)**, aged 64, was appointed as an independent non-executive Director of our Company on 7 December 2022. Dr. Zhao is primarily responsible for supervising and providing independent advice to our Board. He is also a member of the audit committee, the remuneration committee and the nomination committee of our Company.

Prior to Dr. Zhao’s retirement in June 2016, he served various senior positions at Shandong Medical Imaging Research Institute (山東省醫學影像學研究所) from December 1982 to June 2016. He had also been the professor at Shandong University, the part-time professor at Shandong Medical University (山東醫科大學) (currently known as Shandong University), the research associate in radiology at Harvard University and the visiting fellow in the Department of Radiology at University of California, Los Angeles.

Dr. Zhao obtained a bachelor’s degree in medicine, majoring in traditional Chinese medicine, from Shandong University of Traditional Chinese Medicine (山東中醫藥大學) (formerly known as College of Traditional Chinese Medicine of Shandong (山東中醫學院)) in December 1982. He further obtained a doctoral degree in medicine, majoring in medical imaging and nuclear medicine, from Shandong University in December 2004. Dr. Zhao completed the MR&I training program provided by the University of California, Los Angeles, in September 1988.

Dr. Zhao received various awards and recognitions in the PRC, including the 2017 Golden Eye Award (2017年度中華放射學會金睛獎) in October 2017, the National Outstanding Science Worker (全國優秀科技工作者) in December 2012, the Provincial Health Science and Technology Innovation Talent (全省衛生科技創新人才) in April 2012, the Outstanding Physicians of Shandong Province (首屆山東省傑出醫師) in November 2011 and the 2010 Young and Middle-aged Expert with Outstanding Contributions in Shandong Province (2010年度山東省有突出貢獻的中青年專家) in May 2011.

**Dr. Chang Shiwang (常世旺) (“Dr. Chang”)**, aged 48, was appointed as an independent non-executive Director of our Company on 7 December 2022. Dr. Chang is primarily responsible for supervising and providing independent advice to our Board. He is also the chairman of the remuneration committee of our Company and a member of both the audit committee and the nomination committee of our Company.

Dr. Chang has been working at the school of economics of Shandong University since July 2007, with his current position as an associate professor since December 2009. He also served as the academic member of the 7th Taxation Academic Research Committee of China Taxation Society (第七屆中國稅務學會稅收學術研究委員會) from October 2014 to October 2018, and the distinguished researcher of Shandong Institute of Financial Reform and Development (山東財政改革發展研究院) and the Department of Finance of Shandong Province since July 2015.

Dr. Chang obtained a bachelor’s degree in economics and a doctoral degree in economics from Shandong University in July 2001 and June 2007, respectively. He also obtained the teaching qualification of higher education from the Department of Education of Shandong Province in June 2008.

# Biographies of Directors and Senior Management (continued)



**Dr. Wong Man Hin Raymond (黃文顯) (“Dr. Wong”)**, aged 59, was appointed as an independent non-executive Director of our Company on 7 December 2022. Dr. Wong is primarily responsible for supervising and providing independent advice to our Board. He is also the chairman of the audit committee of our Company.

Dr. Wong is currently an executive director and chairman of Raymond Industrial Limited (stock code: 229) and an independent non-executive director of Nan Nan Resources Enterprise Limited (stock code: 1229), Modern Healthcare Technology Holdings Limited (formerly known as Modern Beauty Salon Holdings Limited) (stock code: 919) and Tak Lee Machinery Holdings Limited (stock code: 2102). Dr. Wong had also served as an independent non-executive director of Zhejiang United Investment Holdings Group Limited (stock code: 8366) from July 2017 to March 2021. The shares of above companies with stock code indicated are listed on the Stock Exchange.

Dr. Wong obtained a bachelor of science degree in chemical engineering and a bachelor of arts degree in economics from Lehigh University, United States, both in October 1988. He further obtained a master of arts degree in economics from University of Hawaii, United States, in December 1994 and a doctor of business administration degree from the Hong Kong Polytechnic University in September 2018. Dr. Wong has been admitted as a Certified Management Accountant and a Certified Public Accountants of the States of Washington since September 1998 and May 1999, respectively. Dr. Wong was also awarded a certificate in financial management by the Institute of Certified Management Accountants of the Institute of Management Accountants in April 1999.

## SENIOR MANAGEMENT

**Ms. Lun Yanying (倫彥英) (“Ms. Lun”)**, aged 49, is the business manager of our Company and is primarily responsible for overseeing the business management of our Group.

Ms. Lun joined our Group in September 2016 as the financial manager of Shanghai Guanze, responsible for the overall management of internal financial and accounting operations. Before joining the Group, Ms. Lun had been as a financial staff for about 14 years.

Ms. Lun obtained a bachelor’s degree in economic administration from the Naval Command College (海軍指揮學院) in June 2010. She obtained the certificate of accounting profession issued by the Department of Finance of Pudong New District of Shanghai in February 2004.

**Mr. Cheng Cheung King (鄭章勁) (“Mr. Cheng”)**, aged 36, was appointed as the Group Financial Controller on 19 May 2025 and the Company Secretary of the Company on 31 December 2025.

Mr. Cheng holds a Bachelor’s degree in Accounting from the University of Adelaide in Australia and a Master degree of Corporate Governance from The Hong Kong Polytechnic University. Mr. Cheng is a certified public accountant of CPA Australia and an associate member of both the Chartered Governance Institute and The Hong Kong Chartered Governance Institute with over 13 years of experience in accounting, auditing, and company secretarial matter.



# Report of Directors

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2025 (the “**Year**”).

## **CORPORATE REORGANIZATION AND LISTING**

The Company was incorporated in the Cayman Islands on 11 December 2020 as an exempted company with limited liability under the Companies Act of the Cayman Islands.

Pursuant to a corporate reorganization in preparation for the public listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Company became the holding company of the companies now comprising the Group. Details of the corporate reorganization are set out in the section headed “History, Reorganization and Corporate Structure” in the prospectus of the Company dated 15 December 2022 (the “**Prospectus**”).

The ordinary shares, each with nominal value of HK\$0.01, of the Company (the “**Shares**”) have been listed on the Main Board of the Stock Exchange (the “**Listing**”) since 29 December 2022 (the “**Listing Date**”). The total number of Shares in issue upon Listing was 950,000,000 Shares.

## **PRINCIPAL ACTIVITIES**

The Company acts as an investment holding company. The Group principally engages in providing medical imaging film products, medical imaging cloud services and sale of software in the People’s Republic of China (the “**PRC**”). Details of the activities of its principal subsidiaries are set out in note 1 to the consolidated financial statements.

## **BUSINESS REVIEW**

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group’s financial performance, an indication of likely future developments in the Group’s business, is set out in the sections headed “Chairman’s Statement” and “Management Discussion and Analysis” of this annual report. Details of the Group’s environmental policies and compliance with laws and regulations can be found in the environmental, social and governance report of the Company for the year ended 31 December 2025 (the “**Environmental, Social and Governance Report**”) which has been published separately and made available on the websites of the Company and the Stock Exchange together with this annual report. These discussions form part of this report.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The financial risk management objectives and policies of the Group in managing financial risks, such as interest rate risk, credit risk and liquidity risk, are set out in note 30 to the consolidated financial statements. These discussions form part of this report.



# Report of Directors (continued)

In addition to financial risks, the Group's results of operations and prospects may be exposed to a number of business and operational risks and uncertainties. The following are key risks relating to our business and operations that are considered to be of most significance at this time:

- i. our products, our business, financial position and prospects could be materially and adversely affected if we fail to effectively respond or adapt to market changes, such as the implementation of the "Notice of the General Office of the National Health Commission on Accelerating the Mutual Recognition of the Examination Results" (《國家衛生健康委辦公廳關於加快推進檢查檢驗結果互認工作的通知》) in relation to the construction of the national and regional health information platform, through the establishment of medical institutions examination database, to achieve the interconnection and mutual recognition of examination data between medical institutions in Shandong Province, the PRC, which encourage the shift of demand from traditional medical imaging films to medical imaging cloud films;
- ii. our business depends on the level of activity and growth in the medical imaging industry in Shandong Province, the PRC; and
- iii. any disruption to the supply, increase in the prices, or quality or safety problems of our raw materials can adversely affect our operation, turnover and profitability.

They are not exhaustive or comprehensive and there may be other risks which are not known by the Group or which may not be material now but would turn out to be material in the future.

## FINANCIAL KEY PERFORMANCE INDICATORS

An analysis of the Group's performance for the Year using financial key performance indicators (the "KPIs") is set out in the section headed "Financial Highlights and Summary" on page 3 of this annual report. Such KPIs are selected on basis of their effectiveness in measuring the performance of Group's business with nature in trading and providing related services.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

Our operational activities do not directly generate industrial pollutants and thus our Directors are of the view that the Group's operational activities do not significantly pose negative impact to the environment and the Group is not aware of any material environmental liability risk or compliance costs. Our Directors also expect that we will not incur significant costs for the compliance with applicable environmental protection rules and regulations in the future. However, as a supporter of environment protection, we advocate for green office practices to reduce our carbon footprint, constantly raise the awareness of environmental protection among our employees and take account of the resources and materials we use in daily operation.

Details of the Group's environmental policies and performance are disclosed in the Environmental, Social and Governance Report.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC and subject to the laws, regulations and supervision of the regulatory authorities in the PRC. We are required to maintain certain licenses, permits and approvals in order to operate our business. The Group, to the best knowledge of the Directors, had complied with relevant laws and regulations in all material respects in the PRC for the Year.



# Report of Directors (continued)

As at the date of the annual report, neither our Company nor any of our subsidiaries, to the best knowledge of the Directors, were aware of any material litigation, arbitration, investigation or non-compliance matters pending or threatened against our Company or any of our subsidiaries or any of our Directors, that would have material adverse effect on our business operation or financial results.

Save as the full implementations of the “Notice on ‘Two Invoice System’ Implementation Plan in Medicines Procurement by Public Medical Institutions in Shandong Province” (《關於印發<山東省公立醫療機構藥品採購推行「兩票制」實施方案>的通知》) and the “Notice of the General Office of the National Health Commission on Accelerating the Mutual Recognition of the Examination Results” (《國家衛生健康委辦公廳關於加快推進檢查檢驗結果互認工作的通知》) in Shandong Province, the PRC, the Directors are not aware of any material changes in relevant laws and regulations in the PRC with significant potential impacts on the Group’s operations.

## **KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, AND SUPPLIERS**

### **Employees**

Human resources are one of the valuable assets of the Group. The Group intends to be an attractive employer for competent employees. The objective of the Group’s human resource management is to provide employees with competitive remuneration packages and to promote career development and progression of employees by appropriate training and providing opportunities within the Group for career advancement. We have maintained good relationship with our employees. The average length of service of our employees has been about four years. We have not experienced any material disputes with our employees or any disruption to our business and operations due to labor disputes, nor have us experienced any material difficulties in recruitment and retention of experienced core staff or skilled personnel for the past three years.

### **Major Customers**

Our customers include hospitals and healthcare institutions in Shandong Province, the PRC. For direct sales to hospitals and healthcare institutions, we establish and maintain direct contact with certain key hospital customers and medical practitioners with understanding of the frontline of medical practice and the application of our products so as to help us design new and upgraded products and form new strategies to adjust to market demands. Some of our hospital and healthcare institutions customers will procure our medical imaging film products through the distributors who are chosen by our hospitals and healthcare institutions without our involvement. Our relationship with distributors is regarded as a principal-agent relationship with goods and after-sales services provided by us, whereas distributors liaise with the hospitals and healthcare institutions for delivery of our products and monitor the quality of our products. We have maintained business relationships with our five largest customers for a period ranging from approximately 1 to 10 years.

For the Year, sales to the Group’s five largest customers and the largest customer accounted for approximately 61.0% and 24.6%, respectively of the Group’s total sales for the Year.

### **Major Suppliers**

Our suppliers primarily comprise distributors of international medical imaging film products, OEM medical imaging film products manufacturers and software companies. We select our suppliers based on a number of criteria. We have maintained business relationships with our five largest suppliers ranging from 1 to 7 years.

For the Year, the Group’s purchases attributable to the five largest suppliers and the largest supplier accounted for approximately 95.8% and 63.2%, respectively of the Group’s total purchases for the Year.

# Report of Directors (continued)



To the best knowledge of the Directors, none of the Directors, their close associates, or any shareholder of the Company (the “**Shareholder**”) who owns more than 5% of our issued share capital had any interest in any of our five largest customers or suppliers during the Year.

## **RESULTS AND APPROPRIATIONS**

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 55 of this annual report.

The Board does not recommend the payment of a final dividend for the Year (2024: N/A).

As at the date of this annual report, the Board was not aware that any Shareholder had waived or agreed to any arrangement to waive dividends.

## **DISTRIBUTABLE RESERVES**

The Company may pay dividends out of share premium and retained earnings provided that immediately following the payment of such dividends the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

The Company’s reserves available for distribution to Shareholders as at 31 December 2025 calculated in accordance with the Companies Act of the Cayman Islands, amounted to approximately RMB6,529.

## **FINANCIAL SUMMARY**

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 3 of this annual report. This summary does not form part of the audited consolidated financial statements.

## **PROPERTY, PLANT AND EQUIPMENT**

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

## **SHARE CAPITAL**

Details of the movements in the share capital of the Company during the Year are set out in note 24 to the consolidated financial statements.

## **USE OF NET PROCEEDS FROM THE LISTING**

The Company issued 192,850,000 Shares in the global offering at a price of HK\$0.53 per Share. The net proceeds from the global offering received by the Company amounted to approximately HK\$76.8 million (equivalent to approximately RMB68.6 million).

# Report of Directors (continued)

A summary of the planned applications of the net proceeds as well as the expected timeline for utilization is set out below:

	Net proceeds RMB' million	Unutilized amount of net proceeds brought forward from 31 December 2024		Utilized amount of net proceeds up to 31 December 2025 RMB' million	Unutilized amount of net proceeds at 31 December 2025		Expected timeline for full utilization
		RMB' million	Utilized amount during the Year RMB' million		RMB' million	RMB' million	
Expanding customer base and consolidating market presence	31.8	—	—	31.8	—		N/A
Enhancing medical imaging cloud services	25.6	20.4	—	5.2	20.4		December 2027
Broadening product offerings	0.6	—	—	0.6	—		N/A
Promoting brands and increasing market awareness	1.7	0.7	0.7	1.7	—		N/A
Upgrading information technology systems	0.3	—	—	0.3	—		N/A
Working capital and other general corporate purposes	8.6	2.7	2.7	8.6	—		N/A
<b>Total</b>	<b>68.6</b>	<b>23.8</b>	<b>3.4</b>	<b>48.2</b>	<b>20.4</b>		

Note : Given the fact that, the Group cannot find proper companies in relation to acquiring (i) a company which possesses the technical knowhow of developing PACS system and medical imaging cloud storage platform; and (ii) a startup company in AI healthcare industry, which possesses the technical know-how of building an AI system relating to providing a medical diagnosis recommendation by analyzing the historical medical images. Management considers to extend the expected timeline on the mentioned acquisition project from December 2025 to December 2027.

As at 31 December 2025, the amount of unutilized net proceeds amounted to approximately RMB20.4 million. The unutilized net proceeds were placed in authorized financial institutions or licensed banks in Hong Kong and the PRC.

## SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2025 are set out in note 1 to the consolidated financial statements.

## BORROWINGS

Particulars of the Group's bank borrowings as at 31 December 2025 are set out in note 22 to the consolidated financial statements.

# Report of Directors (continued)



## **DIRECTORS**

The Directors of the Company during the Year and up to the date of this annual report were:

### **Executive Directors**

Mr. Meng Xianzhen (*Chairman and Chief Executive Officer*)

Mr. Guo Zhenyu

### **Non-executive Director**

Ms. Meng Cathy

### **Independent Non-executive Directors**

Dr. Zhao Bin

Dr. Chang Shiwang

Dr. Wong Man Hin Raymond

In accordance with Article 84 of the Third Amended and Restated Articles of Association, Dr. Chang Shiwang and Dr. Wong Man Hin Raymond will retire from office by rotation at the AGM and shall then be eligible for re-election.

## **CHANGES TO INFORMATION IN RESPECT OF DIRECTORS**

Save as disclosed in this annual report, there was no change to information which is required to be disclosed and has been disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) since 31 December 2024.

## **CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received from each of the independent non-executive Directors of the Company an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors of the Company are independent.

## **DIRECTORS’ SERVICE CONTRACTS AND LETTERS OF APPOINTMENT**

Each of the Directors has entered into a service contract or an appointment letter with the Company, under which they agreed to act as Directors for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months’ notice in writing served by either the respective Director or the Company.

The appointments are subject to the provisions of retirement and rotation of Directors under the Third Amended and Restated Articles of Associations and the applicable Listing Rules.

No Director proposed for re-election at the AGM has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.



# Report of Directors (continued)

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 December 2025, the interests and short positions of the Directors and the chief executive and their associates in the Shares, underlying shares and debentures and share options of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 of the Listing Rules (the "Model Code"), were as follows:

### Long position in the Company

Name of Director	Capacity/nature of interest	Number of Shares held/interested	Percentage of the issued share capital of the Company <sup>(Note 2)</sup>
Mr. Meng Xianzhen	Interest in a controlled corporation <sup>(Note 1)</sup>	699,164,575	73.60%

Notes:

- (1) Mr. Meng Xianzhen directly owns the entire issued share capital of Meng A Capital Limited ("Meng A Capital") which in turn owns 699,164,575 Shares, representing 73.6% of the Company's issued share capital. Therefore, Mr. Meng Xianzhen is deemed to be interested in all the Shares held by Meng A Capital for purpose of the SFO.
- (2) The percentage is calculated on the basis of 950,000,000 Shares in issue as at 31 December 2025.

### Long position in the associated corporation

Name of Director	Name of associated corporation	Capacity/nature of interest	Percentage of interest in associated corporation
Mr. Meng Xianzhen	Shandong Guanze <sup>(Note 1)</sup>	Beneficial owner <sup>(Note 2)</sup>	1.10%

Notes:

- (1) Shandong Guanze refers to Guanze Zhihui Medical Technology (Shandong) Co., Ltd.\* (冠澤智慧醫療科技(山東)有限公司).
- (2) Mr. Meng Xianzhen owns 1.10% of Shandong Guanze which owns 99% of Guanze International Trading (Shanghai) Co., Ltd.\* (冠澤國際貿易(上海)有限公司) ("Shanghai Guanze").
- (3) Shanghai Guanze owns 100% of Jinan Guanze Medical Equipment Co., Ltd.\* (濟南冠澤醫療器材有限公司) ("Jinan Guanze").
- (4) Shandong Guanze, Shanghai Guanze and Jinan Guanze are indirect non-wholly owned subsidiaries of the Company.

\* for identification purposes only



# Report of Directors (continued)

Save as disclosed above, as at 31 December 2025, none of the Directors, chief executive and their associates had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 31 December 2025, the register of substantial shareholders of the Company maintained by the Company pursuant to Section 336 of the SFO showed that other than the interests disclosed above in respect of certain Directors and chief executive, the following Shareholders had interests or short positions in the Shares or underlying shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which are recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

### **Long positions in Shares**

<b>Name of Shareholder</b>	<b>Capacity/nature of interest</b>	<b>Number of Shares held</b>	<b>Percentage of the issued share capital of the Company <sup>(Note 3)</sup></b>
Meng A Capital <sup>(Note 1)</sup>	Beneficial owner	699,164,575	73.60%
Ms. Yang Duanling	Interest of spouse <sup>(Note 2)</sup>	699,164,575	73.60%

Notes:

- (1) Meng A Capital is a company incorporated in the British Virgin Islands and directly wholly-owned by Mr. Meng Xianzhen.
- (2) Ms. Yang Duanling is the spouse of Mr. Meng Xianzhen, who is interested in 699,164,575 Shares. Therefore, Ms. Yang Duanling is deemed to be interested in all Shares in which Mr. Meng Xianzhen is interested for the purpose of the SFO.
- (3) The percentage is calculated on the basis of 950,000,000 Shares in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025 the Directors are not aware of any other person or corporation (who were not Directors or chief executives of the Company) having an interest or short position in the Shares or the underlying shares of the Company or its associated corporation(s) which would fall to be disclosed to the Company and the Stock Exchange under provision of Divisions 2 and 3 of Part XV of the SFO or which would be required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2025.



# Report of Directors (continued)

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Third Amended and Restated Memorandum and Articles or the Companies Act of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

## **ARRANGEMENTS TO PURCHASE SHARES AND DEBENTURES**

Save as disclosed in this annual report, at no time during the Year was the Company, its holding company, or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

## **EQUITY-LINKED AGREEMENTS**

Save as disclosed in this annual report, no equity-linked agreements were entered into by the Group or existed during the Year.

## **PERMITTED INDEMNITY PROVISION**

Pursuant to the Third Amended and Restated Articles of Association, the Directors or the officers of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their respective offices. The Company has arranged appropriate directors' and officers' liability insurance which is currently in force to provide coverage for the Directors and officers of the Group at the date of this annual report.

## **INTERESTS OF DIRECTORS IN COMPETING BUSINESS**

During the Year, no Directors have interests in any business which directly or indirectly competes, or is likely to compete, with the business of the Group or have any other conflict of interests with the Group.

## **NON-COMPETITION UNDERTAKINGS**

Details of the non-competition undertakings in the deed of non-competition (the "**Deed of Non-Competition**") executed by Meng A Capital and Mr. Meng Xianzhen (collectively the "**Controlling Shareholders**") in favor of the Company have been set out in the Prospectus.

Pursuant to the Deed of Non-competition, the Controlling Shareholders and/or their respective close associates (other than members of the Group) confirmed that as of the date of the Deed of Non-competition, neither of the Controlling Shareholders or their respective close associates (other than members of the Group) had, in any form, engaged in, assisted or supported any third party in the operation of, participated, or had any interest in, any business that, directly or indirectly, competes or will compete or may compete with the business carried on or contemplated to be carried on by any member of the Group from time to time, including medical imaging film product business and medical imaging cloud services.

Each of the Controlling Shareholders has given a written confirmation to the Company that it/he has complied with the terms of the Deed of Non-Competition for the Year.

The independent non-executive Directors of the Company have reviewed the available information and understood that, as far as they can ascertain, the Controlling Shareholders have complied with the terms of the Deed of Non-Competition for the Year.



# Report of Directors (continued)

## **CONNECTED TRANSACTION**

There was no connected transaction nor continuing connected transaction of the Group which has to be disclosed in accordance with the Chapter 14A of the Listing Rules and the Company has complied with the requirements in the Chapter 14A of the Listing Rules during the Year.

## **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE**

Other than those transactions disclosed in this annual report, no transaction, arrangement or contract of significance, to which a Director or an entity connected with a Director was a party and in which a Director is or was materially interested, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year. There was no other transaction, arrangement or contract of significance in relation to the Company's business between the Company or any of its subsidiaries and any of Controlling Shareholders or any companies under its/his control nor was there any contracts of significance between the Company or any of its subsidiaries and the Controlling Shareholder or any of its subsidiaries in relation to provision of services during the Year.

## **MANAGEMENT CONTRACT**

The Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Group during the Year.

## **EMOLUMENT POLICY**

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to all employees of the Group. The Group mainly determines staff remuneration on basis of the performance, skills, knowledge and experience of individual employee and the salary trends in the PRC. The staff remuneration will be reviewed regularly.

The remuneration committee of the Board (the "**Remuneration Committee**") is responsible for making recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration, having regard to relevant Director's experience, duties and responsibilities, performance and achievement, and market rate. None of the Directors will determine their own remuneration.

## **DIRECTORS' REMUNERATIONS AND THE FIVE HIGHEST PAID INDIVIDUALS**

Details of the Directors' remunerations and those of the five highest paid individuals in the Group are set out in notes 8 and 9 to the consolidated financial statements respectively.

## **SIGNIFICANT LEGAL PROCEEDINGS**

As at 31 December 2025 and up to the date of this annual report, the Company was not engaged in any litigation or arbitration of material importance for the Year. No litigation or claim of material importance is known to the Directors to be pending or threatening against the Company up to date of this annual report.



# Report of Directors (continued)

## SHARE SCHEME

### Share Option Scheme

Neither the Company nor its subsidiaries has any share option scheme up to date of this annual report.

### Share Award Scheme

A share award scheme was adopted by the Company on 2 December 2023 (the “**Adoption Date**”) (the “**Share Award Scheme**”). The purposes of the Share Award Scheme are to recognize and reward the contribution of eligible participants as defined in the rules of the Share Award Scheme to include any employees of the Group (excluding any Director(s) and connected person(s) of the Company) (the “**Eligible Participant(s)**”), to give incentives to Eligible Participants to optimize their performance and efficiency, and to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The Board may, from time to time, at its absolute discretion select any Eligible Participants as selected participants (the “**Selected Participant(s)**”) to participate in the Share Award Scheme to be awarded Shares, and is entitled to impose any conditions as it deems appropriate with respect to the entitlement of the Selected Participants to the award of Shares. The grant of Shares awarded under the Share Award Scheme to Selected Participants shall be satisfied solely by the purchase of existing Shares through the trustee of the Share Award Scheme (the “**Trustee**”), funded by the Company, on the secondary market.

The vesting date in respect of any award of Shares shall be in accordance with the rules relating to the Share Award Scheme or the conditions imposed by the Board. The maximum number of Shares under the Share Award Scheme (i) to be purchased by the Trustee; and (ii) to be awarded by the Board, in aggregate shall be no more than 47,500,000 Shares representing 5% of the total number of issued Shares as at the Adoption Date. The maximum number of Shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 9,500,000, being 1% of the total number of issued Shares as at the Adoption Date. As of the date of this annual report, the remaining life of the Share Award Scheme was approximately 8 years and 7 months.

The Share Award Scheme shall be valid and effective for a period of 10 years from the Adoption Date subject to early termination as may be determined by the Board, after which no award shall be granted but the provision of the Share Award Scheme will in all other respects remain in full force and effect until all awards granted before the expiry of the Share Award Scheme are vested and transferred to the relevant Selected Participants.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, none of the Selected Participants is a connected person of the Company.

# Report of Directors (continued)



A summary of grants of Awarded Shares during the Year is set out below:

	First Grant	Second Grant	Third Grant	Fourth Grant	Fifth Grant
Date of grant:	6 January 2024	1 April 2024	26 July 2024	30 June 2025	18 December 2025
Grantees:	16 Selected Participants, being employees of the Group	35 Selected Participants, being employees of the Group	3 Selected Participants, being employees of the Group	11 Selected Participants, being employees of the Group	6 Selected Participants, being employees of the Group
Number of Awarded Shares granted:	6,802,000 Awarded Shares	7,586,000 Awarded Shares	706,000 Awarded Shares	2,296,000 Awarded Shares	2,705,000 Awarded Shares
Consideration:	Nil	Nil	Nil	Nil	Nil
Vesting date:	5 January 2029, being 5 years from the date of grant (inclusive)	31 March 2029, being 5 years from the date of grant (inclusive)	25 July 2029, being 5 years from the date of grant (inclusive)	29 June 2030, being 5 years from the date of grant (inclusive)	17 December 2030, being 5 years from the date of grant (inclusive)
Performance target:	No performance target attached to the Awarded Shares granted	No performance target attached to the Awarded Shares granted	No performance target attached to the Awarded Shares granted	No performance target attached to the Awarded Shares granted	No performance target attached to the Awarded Shares granted
Percentage of issued Shares at the date of grant:	0.72%	0.80%	0.07%	0.22%	0.28%
Closing price of the Share on the last trading day before date of grant:	HK\$0.67 per Share	HK\$0.70 per Share	HK\$0.80 per Share	HK\$0.35 per Share	HK\$0.55 per Share
Fair value of Awarded Shares at the date of grant:	HK\$4,557,340	HK\$5,310,200	HK\$522,400	HK\$803,600	HK\$1,487,750

# Report of Directors (continued)

Details of movements of Awarded Shares of the Group during the Year are as follows:

Category of participants	Date of grant	Vesting date	Number of Awarded Shares					Unvested as at 31 December 2025	Fair value of Awarded Shares as at 31 December 2025 <sup>(Note 1)</sup>
			Unvested as at 1 January 2025	Granted during the Year	Vested during the Year	Lapsed during the Year	Canceled during the Year		
Employees	6 Jan 2024	5 Jan 2029	6,096,000	—	—	(1,262,000)	—	4,834,000	HK\$3,258,780
Employees	1 Apr 2024	31 Mar 2029	6,600,000	—	—	(2,888,000)	—	3,712,000	HK\$2,598,400
Employees	26 Jul 2024	25 Jul 2029	706,000	—	—	(532,000)	—	174,000	HK\$139,200
Employees	30 Jun 2025	29 Jun 2030	—	2,296,000	—	(164,000)	—	2,132,000	HK\$746,200
Employees	18 Dec 2025	17 Dec 2030	—	2,705,000	—	—	—	2,705,000	HK\$1,487,750
Total			13,402,000	5,001,000	—	(4,846,000)	—	13,557,000	HK\$8,210,330

Notes:

- (1) The fair value of the Awarded Shares is determined as based on the closing market price of the Shares at the date of grant.
- (2) No Awarded Shares were granted and to be granted in excess of the 1% individual limit.

The number of Shares available for grant under the Share Award Scheme as of 1 January 2025 and 31 December 2025 were 32,406,000 Shares and 27,569,000 Shares respectively. Expenses arising from equity settled share-based payments in relation to Awarded Shares granted to employees of the Group during the Year were RMB1.7 million. Details of expenses arising from equity settled share-based payment transactions are set out in note 25 to the consolidated financial statements.

The Company was informed by the Trustee that an aggregate of 13,918,000 Shares had been purchased on the market during the Year (the "**Shares Purchased**") for the purpose of the Share Award Scheme. The purchase of existing Shares by the Trustee was financed with funds provided by the Company in accordance with the Share Award Scheme. Total consideration paid for the Shares Purchased was HK\$11,515,610 with average consideration of approximately HK\$0.83 per Share. Details of the Shares Purchased are set out in the announcements of the Company dated 2 February 2024, 8 May 2024, 6 June 2024 and 8 July 2024. The 13,402,000 Shares out of the Shares Purchased are held by the Trustee for the purpose of satisfying Awarded Shares granted to Selected Participants at the date of this annual report and regarded as being held in public hands under the Listing Rules.

Rule 17.07(3) of the Listing Rules is not applicable to the Share Award Scheme as it involves no issuance of new Shares in respect of awards granted under the Share Award Scheme during the Year.

Subsequent to the end of the Year and up to the date of this annual report, the Company had grant 361,000 Awarded Shares to four of Selected Participants.

According to the Share Award Scheme, all the Awarded Shares shall immediately vest on the date when there was an event of change of control of the Company and such date shall be deemed to be the Vesting Date. Therefore, 13,918,000 Awarded Shares Vested at the date of completion that reference is made to the announcement of the Company dated 11 February 2026.

# Report of Directors (continued)



## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely, Dr. Wong Man Hin Raymond, Dr. Zhao Bin and Dr. Chang Shiwang. Dr. Wong Man Hin Raymond is the chairman of the Audit Committee. The primary duties of the Audit Committee are to assist the Board by monitoring and evaluating the work of the external auditor, supervising the implementation of our internal audit system, reviewing and commenting on our financial reports and related disclosures, and other duties conferred by the Board.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters (including the review of the audited consolidated financial statements of the Group for the Year, which has been agreed by the independent auditors of the Company) of the Group. The Audit Committee and the independent auditors consider that the annual results of the Group for the Year are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

## **EVENTS AFTER THE REPORTING PERIOD**

There is no material subsequent event undertaken by the Group subsequent to the end of the Year and up to the date of this annual report.

## **CHANGES IN THE MEMORANDUM AND ARTICLES**

There have been no changes in the Company’s Amended and Restated Memorandum and Articles up to the date of this annual report since its adoption on 31 May 2024.

## **ANNUAL GENERAL MEETING**

The AGM is scheduled to be held on Friday, 29 May 2026. A notice convening the AGM will be issued and disseminated to Shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 26 May 2026 to Friday, 29 May 2026 both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 25 May 2026.



# Report of Directors (continued)

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the “CG Code”) as its own code of corporate governance. The Board believes that the Company has fully complied with the CG Code for the Year except for the deviation set out below.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Nonetheless, in view of Mr. Meng Xianzhen’s crucial role in the Group and its historical development and Mr. Meng Xianzhen’s extensive experience in the industry, we consider that it is beneficial to the business development of the Group that Mr. Meng Xianzhen acts as both Chairman and Chief Executive Officer of the Group. This will provide a strong and consistent leadership to the Group and allow for more effective planning and management to the Group.

Details of corporate governance practices of the Company are set out in the Corporate Governance Report of this annual report.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best of the knowledge of the Directors, at least 25% of the Company’s total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times for the Year and up to the date of this annual report.

## **TAX RELIEF AND EXEMPTION**

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company’s securities.

## **DONATIONS**

There was no charitable donation by the Group during the Year.

## **AUDITOR**

Reference is made to the announcement of the Company dated 30 June 2025 in relation to the Change of Auditor, Ernst & Young (“EY”) agreed to resign as the auditor of the Company effective from 30 June 2025. Apart from this, there were no other changes of the auditor in the preceding three years.

The Company has appointed Moore CPA Limited as the auditor of the Company for the year ended 31 December 2025. A resolution will be proposed for approval by Shareholders at the AGM to re-appoint Moore CPA Limited as the auditor of the Company.

On behalf of the Board

**Meng Xianzhen**

*Chairman*

PRC, 31 March 2026



# Corporate Governance Report

The Board is pleased to present this corporate governance report in the annual report of the Company for the year ended 31 December 2025.

## **CORPORATE GOVERNANCE PRACTICES**

The Group is committed to achieving high standards of corporate governance practices and procedures to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions stated in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

The Board is of the view that during the year ended 31 December 2025, the Company has complied with applicable code provisions as set out in the Corporate Governance Code except for the deviation set out below under paragraphs headed "Chairman and Chief Executive Officer" of this report.

## **CULTURE AND VALUES**

The Group vision is to create sustainable value. The vision guides the Group to pursue its mission to integrate economic growth, environmental protection and social responsibility in its business strategies to design, manufacture and supply innovative and high quality products for the people wellbeing and benefits of society aiming to drive sustainable value for its stakeholders and communities.

A healthy corporate culture across the Group is important for the Company to achieve its vision and mission towards sustainable growth. It is the Board's role to foster a corporate integrity and innovation culture to guide the behaviors of its employees, and ensure that the Company's vision, values and business strategies are aligned to it.

## **THE BOARD**

### **Responsibilities and Delegation**

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The senior management team of the Group has a wide range of skills, knowledge and experience necessary to govern the Group's operations. The Board has delegated the authorities and responsibilities for day-to-day management and operations of the Group to the senior management team of the Group. This will allow the Group to allocate resources more efficiently for its decision-making and facilitate its daily operations. The delegated functions and responsibilities are periodically reviewed by the Board to ensure that they remain appropriate to the Company's needs. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management on the Company's behalf.

To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. Matters of which the Board considers suitable for delegation to its committees are contained in the specific terms of reference of its committees. The terms of reference clearly define the powers and responsibilities of the Board committees. In addition, the Board will receive reports and/or recommendations from time to time from the Board committees on any matter significant to the Group. All Board committees are provided with sufficient resources to perform their duties.

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of overall strategies, budgets, material transactions, conflict of interests, financial information, appointment of Directors and other significant financial and operational matters.



# Corporate Governance Report (continued)

## Corporate Governance Functions

The Board is responsible for the overall corporate governance functions. The primary corporate governance duties are to monitor the Company's policies and practices on corporate governance; to ensure the Company's compliance with legal and regulatory requirements; to review the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report.

## Chairman and Chief Executive Officer

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and not be performed by the same individual. Nonetheless, in view of Mr. Meng Xianzhen's crucial role in the Group and its historical development and Mr. Meng Xianzhen's extensive experience in the industry, we consider that it is beneficial to the business development of the Group that Mr. Meng Xianzhen acts as both Chairman and chief executive officer of the Group after Listing. This will provide a strong and consistent leadership to the Group and allow for more effective planning and management to the Group. The balance of power and authority is ensured by the operation of the Board, which comprises experienced and diverse individuals. The Board currently comprises two executive Directors (including Mr. Meng Xianzhen), one non-executive Directors and three independent non-executive Directors, and therefore has a strong independent element in its composition.

During the year ended 31 December 2025, the positions of Chairman and Chief Executive Officer are held by Mr. Meng Xianzhen. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally. Their respective responsibilities are clearly established and set out in writing.

## Board Composition

The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The Board has at least one-third of its membership comprising independent non-executive Directors in accordance with Rule 3.10A of the Listing Rules. The following are the members of the Board from the Listing Date and as at the date of this annual report:

### Executive Directors

Mr. Meng Xianzhen (*Chairman*)

Mr. Guo Zhenyu

### Non-Executive Director

Ms. Meng Cathy

### Independent non-executive Directors

Dr. Zhao Bin

Dr. Chang Shiwang

Dr. Wong Man Hin Raymond

The biographical details and responsibilities of the Directors as well as the senior management are set out in the section headed "Biographies of Directors and Senior Management" on pages 15 to 17 of this annual report.



# Corporate Governance Report (continued)

Save as disclosed in the section headed “Biographies of Directors and Senior Management” to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with one another.

During the year ended 31 December 2025, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10(A) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and the number of independent non-executive Directors represents at least one-third of the Board.

## Independent Views and Input

In order to ensure independent views and input are available to the Board, the Board has developed the following mechanisms, including but not limited to:

- (i) at least one-third of Board members are independent non-executive Directors;
- (ii) every independent non-executive Director is appointed for a specific term and subject to retirement by rotation at least once every three years;
- (iii) independent non-executive Directors possess professional knowledge and broad experience;
- (iv) no independent non-executive Director has served the Company for more than nine years;
- (v) no independent non-executive Director holds more than six listed company directorships to make sure that each of independent non-executive Directors has sufficient time to make contributions to the Board;
- (vi) every independent non-executive Director has made an annual confirmation of his independence to the Company; and
- (vii) the Board, each of its committees or every Director is able to seek professional advice in appropriate circumstances at the Company’s expenses.

The implementation and effectiveness of relevant mechanisms have been reviewed by the Board annually.

## Nomination Policy

The appointment of a Director is made on the recommendations of the Nomination Committee and by approval of the Board or by the Shareholders at a general meeting either to fill a casual vacancy or as an addition to the Board.

The Nomination Committee invites nominations of candidates from members of the Board and may also put forward other candidates when vacancies on the Board exist. Before making recommendations to the Board, the Nomination Committee reviews and assesses the suitability of candidates for directorship, according to certain assessment criteria, including but not limited to reputation for integrity, experience in the relevant industry, contributions to the Board and time commitments, and by making reference to the board diversity policy, the Company’s needs and the current composition of the Board. The Board will also consider the independence of independent non-executive Directors before making appointments or recommendations. The Board may consider engaging an external recruitment agency to carry out the recruitment and selection process when necessary.



# Corporate Governance Report (continued)

A Shareholder can serve a notice, at least 7 days prior to the date of the general meeting with candidates standing for election as Directors, to the Company of intention to propose a person as a Director without nomination by the Nomination Committee or recommendation by the Board.

## **Board Diversity Policy**

The Company has adopted a board diversity policy to ensure that the Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of our business strategy. Pursuant to the board diversity policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board. The Board believes that such merit-based appointments will best enable the Company to serve the Shareholders and other stakeholders going forward. The implementation and effectiveness of board diversity policy have been reviewed by the Board during the Reporting Period and will be reviewed annually.

As at the date of this annual report, the Board comprises six Directors. Directors have a balanced matrix of gender, knowledge, expertise, experiences and skills covering areas relating to medical imaging solution services in the PRC, financial management, accounting, and corporate governance. They obtained degrees in various majors including medicine, finance and management. Furthermore, the Board has a wide range of age, ranging from 26 years old to 68 years old. The Company has also taken, and will continue to take steps to promote gender diversity at all levels, including but without limitation at the Board and the management levels. In particular, one of six Directors is female. After due consideration, the Board believes that based on existing business model and meritocracy of Directors, its composition satisfies the principles under the board diversity policy.

The Company understands and recognizes the benefits of diversified staff structure and regards it as one of the important elements in sustaining a long-term competitive advantage of the Company. A multicultural company should be comprised of employees with different gender, age, religion, skills, educational background, industry experience and other qualities so as to achieve the most appropriate structure and balance. As at 31 December 2025, the total number of employees of the Group was 56 (2024: 57) with 41 male staff and 16 female staff. The male to female ratio in the workforce was about 2:1. The Company deemed this gender ratio as adequate and appropriate for a company with major business in sales of medical imaging film products and provision of medical imaging cloud service.

## **Measurable Objectives**

The Company aims to maintain an appropriate balance of Directors with diverse perspectives that are relevant to the development of Company's business. The Company is committed to ensuring that recruitment and selection of Directors are structured at all levels so as to have a diverse range of candidates for consideration. Meanwhile, the Board has not set any measurable objectives for achieving the diversity in the Board and is currently of the view that there is no immediate need to do so given its size and existing diversity. However, the Nomination Committee will discuss periodically and, when necessary, agree on the measurable objectives and recommend them to the Board for adoption.

# Corporate Governance Report (continued)



## Board Meetings

During the year ended 31 December 2025, the Board held 4 meetings, at which the Board considered and approved the proposals focused on business strategy, operations and financial performance of the Company.

The table below sets out the details of Board meetings and general meeting attendance of each Director during the year ended 31 December 2025:

Name of Directors	Attendance/Number of board meetings	Attendance/Number of general meeting
<b>Executive Directors</b>		
Mr. MENG Xianzhen ( <i>Chairman</i> )	4/4	1/1
Mr. GUO Zhenyu	4/4	1/1
<b>Non-executive Directors</b>		
Ms. Meng Cathy	4/4	1/1
<b>Independent non-executive Directors</b>		
Dr. ZHAO Bin	4/4	1/1
Dr. CHANG Shiwang	3/4	1/1
Dr. WONG Man Hin Raymond	4/4	1/1

Regular meeting of the Board is scheduled four times a year with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The company secretary of the Company is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting and the final version is open for the Directors' inspection.

Save for the family relationships disclosed in the section headed "Biographies of Directors and Senior Management" of this annual report, the Directors do not have any material financial, business or other relationships among members of the Board. Should a Director have a potential conflict of interest in a matter being considered in the Board Meeting, he or she will abstain from voting. The INEDs with no conflict of interest will be present at meetings dealing with such conflict of interest issues.



# Corporate Governance Report (continued)

## **Appointment and Re-election of Directors**

Each of Mr. Meng Xianzhen and Mr. Guo Zhenyu, being the executive Directors, has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date as the executive Directors.

Ms. Meng Cathy, being the non-executive Director, and each of Dr. Zhao Bin, Dr. Chang Shiwang and Dr. Wong Man Hin Raymond, being the independent non-executive Directors, has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date as the non-executive Director or independent non-executive Directors (as the case may be).

Pursuant to the Article 84 of the Articles of Association, Dr. Chang Shiwang and Dr. Wong Man Hin Raymond, our Independent non-executive Director will retire from office by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election at the Annual General Meeting.

Appointments and re-appointments of Directors by the Board are subject to recommendations from the Nomination Committee of the Company, after having reviewed and assessed their suitability by reference to the board diversity policy and the nomination policy adopted by the Company.

## **Independence of the Independent Non-executive Directors**

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed three independent non-executive Directors. The Board considers that all independent non-executive Directors have appropriate and sufficient experiences and qualifications to carry out their duties so as to protect the interests of the Shareholders.

The Company has received a written annual confirmation from each of independent non-executive Directors of his independence pursuant to the requirements of the Listing Rules. The Board considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

## **Induction and Continuous Professional Development**

Pursuant to the code provision C.1.4 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Pursuant to the code provision C.1.1 of the Corporate Governance Code, each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations.

During the year ended 31 December 2025, each of the Directors, namely Mr. Meng Xianzhen, Mr. Guo Zhenyu, Ms. Meng Cathy, Dr. Zhao Bin, Dr. Chang Shiwang and Dr. Wong Man Hin Raymond, attended the training courses conducted by the legal adviser of the Company covering a wide range of topics including but not limited to directors' duties and responsibilities, corporate governance and on-going obligations of a listed company.

The Directors are continually updated on the latest development regarding the Listing Rules and relevant statutory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices. All Directors are encouraged to participate in continuous professional development courses and seminars to develop and refresh their knowledge and skills.



# Corporate Governance Report (continued)

## **Model Code for Securities Transactions**

The Company has adopted the Model Code as its own code of conduct for the Directors in their dealing in the Company's securities transactions. Having made specific enquiry to all the Directors, each of the Directors confirmed that he/she had complied with the Model Code throughout the year ended 31 December 2025. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company throughout the year ended 31 December 2025.

## **Directors' and Officers' Liability Insurance and Indemnity**

The Company has arranged appropriate liability insurance, which is currently in force at the date of this annual report, to indemnify its Directors and senior management from liabilities arising from, including but not limited to, any proceedings brought against them during the performance of their duties.

## **Procedure for Seeking Independent Professional Advice**

The Directors are able, upon reasonable request, to seek professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

## **BOARD COMMITTEES**

### **Audit Committee**

The Company has established the Audit Committee with specific written terms of reference in compliance with the Corporate Governance Code. Throughout the year ended 31 December 2025 and up to the date of this annual report, the Audit Committee comprises three members, namely Dr. Wong Man Hin Raymond, Dr. Zhao Bin and Dr. Chang Shiwang. The chairman of the Audit Committee is Dr. Wong Man Hin Raymond, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules and all members are independent non-executive Directors.

The main duties of the Audit Committee include the following:

- i. to be primarily responsible for making recommendations to the Board on the remuneration, appointment, reappointment and removal of the external auditor;
- ii. to discuss with the external auditor the nature and scope of the audit and reporting obligations;
- iii. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- iv. to review the Company and its subsidiaries' financial and accounting policies and practices;
- v. to monitor the integrity of the Company's financial statements, annual reports and interim reports and to review significant financial reporting judgments contained in them;
- vi. to review the Group's financial controls, risk management and internal control systems;
- vii. to review the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;



# Corporate Governance Report (continued)

- viii. where an internal audit function exists, to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; and
- ix. to review ongoing connected transactions of the Company and ensure compliance with the Listing Rules.

The Audit Committee shall meet at least twice a year. During the year ended 31 December 2025, the Audit Committee held 3 meetings, at which the Audit Committee reviewed and approved the Company's change of auditor, 2024 annual report, 2024 annual results announcement, 2025 interim report, 2025 interim results announcement. The Audit Committee also reviewed (i) the internal control report of the Company; (ii) the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function and the Company's performance and reporting in the aspect of environmental, social and governance; and (iii) the risk management and internal control systems of the Company.

The table below sets out the details of meetings attendance of each member of the Audit Committee during the year ended 31 December 2025:

<b>Name of Directors</b>	<b>Attendance/ Number of Meetings</b>
Dr. WONG Man Hin Raymond ( <i>Chairman</i> )	4/4
Dr. ZHAO Bin	4/4
Dr. CHANG Shiwang	3/4

## Auditor's Remuneration

Moore CPA Limited, Certified Public Accountants, acting as the Company's external auditor provided the annual audit services for the year ended 31 December 2025. For the year ended 31 December 2025, the remuneration paid or payable to Moore CPA Limited in respect of audit and non-audit services provided is set out below:

<b>Services Rendered</b>	<b>Remuneration Paid/Payable RMB'000</b>
Audit services	870
Non-audit services	137
<b>Total</b>	<b>1,007</b>

The Audit Committee has expressed its views to the Board that the level of fees paid/payable to the Company's external auditor for annual audit services is reasonable. There has been no major disagreement between the external auditor and the management of the Company for the year ended 31 December 2025.



# Corporate Governance Report (continued)

## Remuneration Committee

The Company has established the Remuneration Committee with specific written terms of reference in compliance with the Corporate Governance Code. Throughout the year ended 31 December 2025 and up to the date of this annual report, the Remuneration Committee comprises three members, namely Dr. Chang Shiwang, Mr. Meng Xianzhen and Dr. Zhao Bin. The chairman of the Remuneration Committee is Dr. Chang Shiwang and majority of members are independent non-executive Directors.

The Remuneration Committee is to make recommendations to the Board on the remuneration packages of individual executive Director and the senior management.

The principal duties of the Remuneration Committee include the followings:

- i. to make recommendations to the Board on the Company's policy and structure for the remuneration of all the Directors and senior management;
- ii. to review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time;
- iii. to make recommendations to the Board on the remuneration packages of individual executive Director and senior management;
- iv. to make recommendations to the Board on the remuneration of non-executive Directors; and
- v. to advise Shareholders, if necessary, on how to vote in respect of any service contracts of Directors that requires Shareholders' approval in accordance with the Listing Rules.

The Remuneration Committee shall meet at least once every year. During the year ended 31 December 2025, the Remuneration Committee held 4 meetings, at which the Remuneration Committee reviewed, among other things, the remuneration for the Directors and senior management, and reviewed and approved matters relating to the Share Award Scheme.

The table below sets out the details of meeting attendance of each member of the Remuneration Committee during the year ended 31 December 2025:

Name of Directors	Attendance/ Number of Meetings
Dr. CHANG Shiwang ( <i>Chairman</i> )	3/3
Mr. MENG Xianzhen	3/3
Dr. ZHAO Bin	3/3

Equity based remuneration with performance related elements was not granted to independent non-executive directors.



# Corporate Governance Report (continued)

Details of the remuneration by band of the members of the senior management (excluding two executive Directors) of the Company for the year ended 31 December 2025 are set out below:

Remuneration band	Number of employee
Nil to RMB1,000,000	2

Details of the Directors' remuneration for the year ended 31 December 2025 are set out in the note 8 to the consolidated financial statements.

Equity based remuneration with performance related elements was not granted to independent non-executive Directors.

## Nomination Committee

The Company has established the Nomination Committee with specific written terms of reference in compliance with the Corporate Governance Code. Throughout the year ended 31 December 2025 and up to the date of this annual report, the Nomination Committee comprises three members, namely Mr. Meng Xianzhen, Dr. Zhao Bin and Dr. Chang Shiwang. The chairman of the Nomination Committee is Mr. Meng Xianzhen and majority of members are independent non-executive Directors.

The principal duties of the Nomination Committee include the followings:

- i. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board;
- ii. to develop the criteria for identifying and assessing the qualification of and evaluating candidates for directorship;
- iii. to identify individuals who are suitable to become a member of the Board and to make recommendations to the Board on the selection of individuals nominated for directorships;
- iv. to assess the independence of independent non-executive Directors;
- v. to make recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors; and
- vi. to review the board diversity policy and the nomination policy.



# Corporate Governance Report (continued)

The Nomination Committee shall meet at least once every year. During the year ended 31 December 2025, the Nomination Committee held 1 meeting, at which the Nomination Committee reviewed the proposals of the Board structure, the diversity policy of the Board members, the independence of the independent non-executive Directors, etc.

The table below sets out the details of meeting attendance of each member of the Nomination Committee during the year ended 31 December 2025:

Name of Directors	Attendance/ Number of Meetings
Dr. ZHAO Bin ( <i>Chairman</i> )	1/1
Mr. MENG Xianzhen ( <i>ceased to be chairman and member on 30 June 2025</i> )	1/1
Dr. CHANG Shiwang	1/1
Ms. Meng Cathy ( <i>appointed on 30 June 2025</i> )	N/A

## **DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS**

The Company provides monthly updates on the business performance with explanatory information to the Directors for them to understand the position, development and prospects of the Group.

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirements under the Listing Rules. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner as required by the Listing Rules.

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



# Corporate Governance Report (continued)

## **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board acknowledges its responsibility for overseeing the Company's risk management and internal control systems and reviewing its effectiveness on an ongoing basis. The Group's risk management and internal control systems are designed to manage rather than eliminate business risk and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company's risk management and internal control systems have been developed with the following features and processes:

(a) The processes used to identify, evaluate and manage significant risks by the Group are summarized as follows:

### **Risk Identification**

- Identifies risks that may potentially affect the Group's business and operations.

### **Risk Assessment**

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact and consequence on the business and the likelihood of their occurrence.

### **Risk Response**

- Prioritizes the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

### **Risk Monitoring and Reporting**

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

(b) The main features of the risk management and internal control systems are summarized as below:

Control procedures have been designed to safeguard assets against unauthorized use and disposition; ensure compliance with relevant laws, rules and regulations; ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; and to provide reasonable assurance against material misstatement, loss or fraud.

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness.



# Corporate Governance Report (continued)

The Board has engaged an external professional service firm as its risk management and internal control review adviser (the “**Adviser**”) to conduct the annual review of the risk management and internal control systems for the year ended 31 December 2025. Such review is conducted annually and cycles reviewed are under rotation basis. The scope of review was previously determined and approved by the Board. The Adviser has reported major findings and areas for improvement to the Audit Committee and management. The Audit Committee are of the view that there are no material internal control defeats noted. All recommendations from the Adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board therefore considered that the risk management and internal control systems are appropriate and effective.

## **DISSEMINATION OF INSIDE INFORMATION**

The Group has in place a framework for the disclosure of inside information by reference to the Guidelines on Disclosure of Inside Information issued by the Securities and Future Commission. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in an appropriate and timely manner, such as steps to ascertain sufficient details, conduct internal assessment of the matter and its likely impact on the Company, seek professional advice where required and verification of the facts. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality and must not deal in any of the Company’s securities.

## **WHISTLEBLOWING POLICY**

The Group maintains a whistleblowing policy to facilitate the raising of matters of serious concern by employees and those who deal with the Company (e.g. customers and suppliers), in confidence and anonymity, without the fear of recrimination. Procedures are established for employees to report complaints and suspected internal malpractices directly to the Group senior management, who will review the complaints and determine the appropriate mode of investigation and subsequent corrective action.

The nature, status and the results of the complaints received under the whistleblowing policy are reported to the Audit Committee on a biannual basis. No incident of fraud or misconduct was considered to have material effect on the Group’s financial statements or overall operation for the year ended 31 December 2024. The whistleblowing policy is reviewed and updated periodically to align with industry best practice.

## **ANTI-CORRUPTION POLICY**

The Group is committed to achieve the highest standards of business conduct and has zero tolerance for corruption and related malpractice. The anti-corruption policy outlines the Group’s expectations and requirements of business ethics, as well as the investigation and reporting mechanism of suspected corruption practices.

The anti-corruption policy sets out the specific behavioral guidelines that Group’s personnel and business partners must follow to combat corruption. It demonstrates Group commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. Every employee, officer and members of the Board must act with utmost integrity, defined not only by the applicable laws and regulations, but also by the determination to do the right thing in all circumstances.

The anti-corruption policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.



# Corporate Governance Report (continued)

## **DIVIDEND POLICY**

The determination to pay dividends will be made at the discretion of the Board, depending on the Company's results of operations, capital requirements and surplus, general financial condition, contractual restrictions, future prospects, and, as well as any other factors of which the Board may consider relevant. Dividends may be paid only out of distributable profits as permitted under the relevant laws. Any final dividend distribution shall also be subject to the approval of the Shareholders in a Shareholders' meeting.

## **COMPANY SECRETARY**

Mr. Cheng Cheung King ("Mr. Cheng") has been appointed as the company secretary of the Company since 31 December 2025.

Mr. Cheng confirms that he has complied with the requirements under Rule 3.29 of the Listing Rules.

## **CHANGE IN CONSTITUTIONAL DOCUMENTS**

During the year ended 31 December 2025 and up to the date of this annual report, there had not been any change in the Constitution of the Company. The Constitution of the Company is available on the websites of the Company and the Stock Exchange.

## **COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS**

The Company had established a shareholders communication policy, which its implementation and effectiveness had been reviewed by the Board during the Reporting Period and will be reviewed annually.

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Shareholders and potential investors on the Group's business, performance and strategies. The Company also recognizes the importance of timely and frank disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The general meetings provide opportunities for Shareholders to communicate directly with the Directors. The chairman of the Board, and the chairmen of the Board committees will attend the annual general meeting of the Company to answer Shareholders' questions. The Company recognizes the importance of maintaining on-going communications with the Shareholders and encourages them to attend the general meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

As there are various means of communication between Shareholders and the Company as prescribed above, the Board considered the existing communication with Shareholders is effective during the year ended 31 December 2025.

The Company maintains a website at <https://www.guanzegroup.com/> where extensive information and updates on the Company's financial information, corporate governance practices and other useful information are posted and available for access by public investors.



# Corporate Governance Report (continued)

## **SHAREHOLDERS' RIGHTS**

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each substantially different issue at Shareholder meetings, including nomination and election or re-election of individual Directors.

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each Shareholder meeting in accordance with the Listing Rules.

### **Procedures for Shareholders to convene an extraordinary general meeting**

In accordance with Article 58 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### **Procedures for putting forward proposals at general meeting**

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Act of the Cayman Islands. However, Shareholders who wish to propose resolutions may follow Article 58 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 58 are set out above.

In respect of proposing a person for election as a Director at general meetings, the period during which a written notice of intention to propose a person for election as a Director and a written notice by that person of his willingness to be elected together with the candidate's information as required to be disclosed under the Listing Rules are to be given to the Company's headquarters or its Hong Kong branch share registrar and transfer office shall be at least 7 days, such period shall commence on the day after the date when the notice of the general meeting convened for such election is dispatched and end no later than 7 days prior to the date of such meeting.

### **Procedures for putting enquiries to the Board**

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail to the principal office of the Company in Hong Kong. The Company Secretary shall forward communications relating to matters within the Board's purview to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and complaints, to the Chief Executive Officer.



# Independent Auditor's Report



## Moore CPA Limited

1001-1010, North Tower, World Finance Centre,  
Harbour City, 19 Canton Road,  
Tsim Sha Tsui, Kowloon, Hong Kong

大華馬施雲會計師事務所有限公司

香港九龍尖沙咀廣東道19號  
海港城環球金融中心北座1001-1010室

T +852 2375 3180

F +852 2375 3828

[www.moore.hk](http://www.moore.hk)

## To the shareholders of Guanze Medical Information Industry (Holding) Co., Ltd.

*(Incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Guanze Medical Information Industry (Holding) Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 55 to 112, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory 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 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**") 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 judgment, 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.



# Independent Auditor's Report (continued)

## KEY AUDIT MATTERS (continued)

### Key audit matter

### How our audit addressed the key audit matter

#### Assessment of expected credit losses ("ECLs") of trade receivables

As at 31 December 2025, the gross carrying amount of trade receivables was RMB170,217,000, where allowance for ECLs of RMB11,783,000 was made for trade receivables.

Allowance for ECLs on trade receivables was made based on an assessment of the ECLs, which include an assessment of the risk of default and the expected credit loss rate.

Trade receivables relating to customers with known financial difficulties or significant doubt on collection of trade receivables are assessed individually and provided for ECLs.

ECLs are also estimated by grouping the remaining trade receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery by taking into account their historical credit losses, as well as the prevailing market conditions.

Both current economic conditions and forward-looking information were also taken into consideration by management of the Group in the estimation such as changes in macroeconomic conditions and industry trends, where appropriate.

We focused on auditing the assessment of ECLs of trade receivables prepared by management of the Group because the balances of trade receivables were significant, and the estimation of impairment allowance was subject to high degree of estimation uncertainty. The inherent risk in relation to the allowances for ECLs on trade receivables is considered significant due to complexity of the model and subjectivity of assumptions used. Therefore, we have identified the ECLs of trade receivables as a key audit matter.

Our procedures in relation to assessment of ECLs of trade receivables included:

- Obtaining an understanding of management of the Group's internal control and assessment process for the estimation of allowances for ECLs on trade receivables;
- Assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud;
- Evaluating and testing key controls related to assessment of the ECLs of trade receivables performed by management of the Group;
- Evaluating the competence, capabilities and objectivity of the external valuation specialists appointed by management of the Group;
- For ECLs specifically provided against individual customers,
  - discussing with management of the Group to understand the detailed circumstances and basis of provision on specific customers, such as credit-related information, and historical repayment record; and
  - obtaining management of the Group's assessments and reviewing the evidence available to us, including background information of customers, past transaction history, historical repayment record and forward-looking information.



# Independent Auditor's Report (continued)

## KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
<i>Assessment of expected credit losses ("ECLs") of trade receivables (continued)</i>	<p>For ECLs based on shared credit risk characteristics provided for trade receivables,</p> <ul style="list-style-type: none"><li>• discussing with management of the Group to evaluate the appropriateness of the model of estimating lifetime ECLs used by management of the Group, which include historical settlement record and ageing profile, with the assistance of our internal valuation specialists;</li><li>• evaluating adjustment to the historical loss rates based on past events, current economic conditions and forward-looking information, with the assistance of our internal valuation specialists;</li><li>• testing, on sample basis, the accuracy of ageing analysis of trade receivables prepared by management of the Group; and</li><li>• checking the arithmetic calculations of the ECLs.</li></ul>



# Independent Auditor's Report (continued)

## KEY AUDIT MATTERS (continued)

### Key audit matter

### How our audit addressed the key audit matter

#### *Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets*

We identified the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets as a key audit matter due to the significant judgment involved in assessing the amount of impairment of property, plant and equipment, right-of-use assets and intangible assets.

As at 31 December 2025, management of the Group performed an impairment assessment for property, plant and equipment, right-of-use assets and intangible assets due to the indication of impairment as disclosed in note 13 to the consolidated financial statements. As at 31 December 2025, the aggregated net carrying amount of the property, plant and equipment, right-of-use assets and intangible assets were RMB51,607,000. For the purpose of assessing the impairment of property, plant and equipment, right-of-use assets and intangible assets, management of the Group determined the recoverable amount based on the value in use by using cash flow projection and the key assumptions used included the discount rate, budgeted income, budgeted gross margin and expected growth rates.

Based on management's assessment, impairment losses on property, plant and equipment of RMB5,071,000 were recognised in profit or loss during the year ended 31 December 2025.

Our procedures in relation to impairment assessment of property, plant and equipment, right-of-use assets and intangible assets included:

- Obtaining an understanding of management's internal control and assessment process for impairment of property, plant and equipment, right-of-use assets and intangible assets;
- Assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud;
- Understanding management's process for identifying impairment indicators;
- Understanding how management performs impairment assessment including the estimation of cash flow projection and key assumptions used to measure the value in use;
- Assessing and challenging management's key assumptions and estimates, which include the budgeted income and growth rate, to historical results and in light of current and expected future market conditions;
- Evaluating the competence, capabilities and objectivity of the external valuation specialists appointed by management of the Group; and
- Assessing the reasonableness of the discount rate applied in determining the value in use by benchmarking against market data.



# Independent Auditor's Report (continued)

## **OTHER MATTER**

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2025.

## **OTHER INFORMATION**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 AND THOSE CHARGED WITH GOVERNANCE 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 issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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.

Those charged with governance are responsible 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 HKSAs 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.

# Independent Auditor's Report (continued)



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

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

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



# Independent Auditor's Report (continued)

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

From the matters communicated with those charged with governance, 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.

### **Moore CPA Limited**

*Certified Public Accountants*

*Registered Public Interest Entity Auditors*

### **Yeung Chau Ho**

Practising Certificate Number: P08313

Hong Kong, 31 March 2026



# Consolidated Statement of Profit Or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	<b>88,447</b>	155,740
Cost of sales		<b>(66,320)</b>	(92,954)
Gross profit		<b>22,127</b>	62,786
Other income and other gains and losses	5(d)	<b>6,154</b>	8,583
Selling and distribution expenses		<b>(20,011)</b>	(17,813)
Administrative expenses		<b>(14,214)</b>	(13,752)
Research and development costs		<b>(5,787)</b>	(4,068)
Provision for impairment losses on trade receivables		<b>(3,830)</b>	(3,199)
Provision for impairment losses on property, plant and equipment		<b>(5,071)</b>	—
Finance costs	7	<b>(520)</b>	(710)
Other expenses		<b>(10,226)</b>	(5,518)
(LOSS)/PROFIT BEFORE TAX	6	<b>(31,378)</b>	26,309
Income tax credit/(expense)	10	<b>1,417</b>	(8,859)
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		<b>(29,961)</b>	17,450
Attributable to:			
Owners of the Company		<b>(29,716)</b>	17,204
Non-controlling interests		<b>(245)</b>	246
		<b>(29,961)</b>	17,450
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	12		
Basic and diluted		<b>RMB(0.03)</b>	RMB0.02

# Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	44,721	48,624
Right-of-use assets	14	4,499	4,406
Intangible assets	15	2,387	3,674
Prepayments for acquisition of property, plant and equipment	18	3,850	—
Deferred tax assets	23	1,982	1,982
Total non-current assets		57,439	58,686
<b>CURRENT ASSETS</b>			
Inventories	16	7,365	14,371
Trade and bills receivables	17	163,286	174,190
Prepayments, other receivables and other assets	18	20,667	28,695
Cash and cash equivalents	19	21,932	28,226
Total current assets		213,250	245,482
<b>CURRENT LIABILITIES</b>			
Trade payables	20	1,242	560
Contract liabilities	5	466	938
Other payables and accruals	21	13,072	11,613
Bank borrowings	22	12,764	17,712
Lease liabilities	14	183	279
Tax payables		10,318	12,405
Total current liabilities		38,045	43,507
NET CURRENT ASSETS		175,205	201,975
TOTAL ASSETS LESS CURRENT LIABILITIES		232,644	260,661
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	14	368	155
Total non-current liabilities		368	155
Net assets		232,276	260,506
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	24	8,576	8,576
Reserves		222,782	250,767
		231,358	259,343
Non-controlling interests		918	1,163
Total equity		232,276	260,506

The consolidated financial statements on pages 55 to 112 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

**Meng Xianzhen**  
Director

**Guo Zhenyu**  
Director



# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		<b>(31,378)</b>	26,309
Adjustments for:			
Finance costs	7	<b>520</b>	710
Interest income	5	<b>(61)</b>	(716)
Gain on early termination of lease contracts	5	<b>(7)</b>	—
Loss on disposal of property, plant and equipment	6	<b>10,225</b>	5,518
Provision for impairment losses of trade receivables	29	<b>3,830</b>	3,199
Provision for impairment losses of property, plant and equipment	13	<b>5,071</b>	—
Depreciation of property, plant and equipment	6	<b>14,038</b>	6,562
Depreciation of right-of-use assets	6	<b>406</b>	473
Amortisation of intangible assets	6	<b>1,287</b>	239
Purchase rebate of property, plant and equipment		<b>—</b>	(2,940)
Share-based payment expenses		<b>1,731</b>	1,403
Operating cash flows before movements in working capital		<b>5,662</b>	40,757
Decrease/(increase) in inventories		<b>7,006</b>	(3,480)
Decrease/(increase) in trade and bills receivables		<b>7,074</b>	(57,214)
(Increase)/decrease in prepayments, other receivables and other assets		<b>(9,945)</b>	53,941
Increase/(decrease) in trade payables		<b>682</b>	(818)
Decrease in contract liabilities		<b>(472)</b>	(94)
Increase in other payables and accruals		<b>1,459</b>	4,525
Cash generated from operations		<b>11,466</b>	37,617
Interest received		<b>61</b>	716
Interest paid		<b>(504)</b>	(626)
Income tax paid		<b>(670)</b>	(8,085)
Net cash from operating activities		<b>10,353</b>	29,622
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		<b>(15,654)</b>	(25,325)
Prepayments for acquisition of property, plant and equipment		<b>(3,850)</b>	(9,860)
Proceeds on disposal of property, plant and equipment		<b>8,196</b>	1,711
Purchase of intangible assets		<b>—</b>	(3,774)
Net cash used in investing activities		<b>(11,308)</b>	(37,248)



# Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal portion of lease payments	26	<b>(375)</b>	(315)
Interest portion of lease payments	26	<b>(16)</b>	(84)
New bank loans raised	26	<b>7,858</b>	12,712
Repayments of bank loans	26	<b>(12,806)</b>	(16,146)
Dividends paid		—	(18,194)
Shares purchased for the Share Award Scheme		—	(10,471)
Net cash used in financing activities		<b>(5,339)</b>	(32,498)
NET DECREASE IN CASH AND CASH EQUIVALENTS		<b>(6,294)</b>	(40,124)
Cash and cash equivalents at beginning of year		<b>28,226</b>	68,350
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	<b>21,932</b>	28,226



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

Guanze Medical Information Industry (Holding) Co., Ltd. (the “**Company**”) is a public limited liability company incorporated in the Cayman Islands on 11 December 2020. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 29 December 2022. As at 31 December 2025, its parent and ultimate parent was Meng A Capital Limited (incorporated in the British Virgin Islands (the “**BVI**”). Its ultimate controlling party was Mr. Meng Xianzhen, who is also the Chairman and Chief Executive Director of the Company. The address of the registered office of the Company is the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The addresses of the principal place of business of the Company are disclosed in the corporate information section to the annual report.

On 28 January 2026, FUNDE (HONG KONG) INVESTMENT HOLDINGS CO., LIMITED (a company incorporated in Hong Kong with limited liability, which is ultimately beneficially owned as to 94% by Mr. Cheung Chun and as to 6% by Ms. Tao Meiyang, the spouse of Mr. Cheung Chun) entered into a sale and purchase agreement dated 28 January 2026 with Meng A Capital Limited, for the acquisition of 699,164,575 shares, representing approximately 73.6% of the total issued share capital of the Company, completion of which is conditional upon the satisfaction or waiver (if applicable) of certain conditions precedent contained therein. On 6 February 2026, following satisfaction (or waiver, as applicable) of the conditions precedent, completion of the sale and purchase agreement took place. Accordingly, from that date, the ultimate controlling party of the Company is Mr. Cheung Chun. Details are set out in the announcements of the Company dated 27 January 2026, 29 January 2026 and 11 February 2026.

The Company is an investment holding company. During the year ended 31 December 2025, the Company’s subsidiaries were involved in the following principal activities in the PRC:

- Sale of medical imaging film products;
- Provision of medical imaging cloud services; and
- Sale of software.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

Certain comparative figures have been re-presented to conform with current year’s presentation. These reclassifications have no effect on financial position, results for the year or cash flows of the Group.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 1. GENERAL INFORMATION (continued)

### Particulars of principal subsidiaries of the Company

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

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of ownership interest and voting power held by the Company		Principal activities
			Direct	Indirect	
Guanze Intelligent Medical Information Industry (BVI) Co., Ltd.	The BVI 22 December 2020	United States Dollars ("USD") 1	100%	—	Investing holding
Tang B Capital Limited	The BVI 10 December 2020	USD1	100%	—	Investing holding
Guanze Zhihui Medical Technology (Shandong) Co., Ltd. ("Shandong Guanze") 冠澤智慧醫療科技(山東)有限公司	The PRC 25 February 2021	RMB8,178,642	—	98.90%	Investing holding
Guanze Zhihui Medical Technology (Jinan) Co., Ltd. ("Zhihui Jinan") 冠澤智慧醫療科技(濟南)有限公司	The PRC 22 February 2021	RMB11,500,000	—	100%	Investing holding
Guanze International Trading (Shanghai) Co., Ltd. ("Shanghai Guanze") 冠澤國際貿易(上海)有限公司	The PRC 27 November 2015	RMB20,170,381	—	98.91%	Sale of medical imaging film products and provision of medical imaging cloud services
Jinan Guanze Medical Equipment Co., Ltd. ("Jinan Guanze") 濟南冠澤醫療器材有限公司	The PRC 30 August 2018	RMB12,000,000	—	98.91%	Sale of medical imaging film products and provision of medical imaging cloud services

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, 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 of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

## 2.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

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 Company 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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

### Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
-----------------------	-------------------------

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(continued)*

### **New and amendments to HKFRS Accounting Standards in issue but not yet effective** *(continued)*

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

#### **HKFRS 18 “Presentation and Disclosure in Financial Statements”**

HKFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provides disclosures on management-defined performance measures in the notes to the financial statements and improves aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. The Group currently presents interest received and interest paid in operating activities, they will be classified in the investing activities and financing activities, respectively, on the consolidated statement of cash flows.

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION

### **Property, plant and equipment**

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. 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.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Property, plant and equipment *(continued)*

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

Buildings	5%
Leasehold improvements	Over the shorter of the lease term and 20%
Plant and machinery	12.5% to 33 $\frac{1}{3}$ %
Equipment and others	20%
Motor vehicles	25%

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

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



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently 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.

### Software

Purchased software is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of 3 to 10 years.

The Group's software mainly includes server software and terminal software for cloud service. The useful economic life for software is based on the anticipated number of years before the software will retire due to significant upgrades of the software.

### 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.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 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.

### The 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.

### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

### (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 any 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:

Leasehold land	50 years
Office premises	3 to 5 years

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Leases *(continued)*

#### The Group as a lessee *(continued)*

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

###### Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

##### (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.

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 presents lease liabilities as a separate line item on the consolidated statement of financial position.

### **Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill**

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### **Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill** *(continued)*

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Investments and other financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under 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.

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

#### Subsequent measurement

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

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

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



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

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

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

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

#### Derecognition of financial assets

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

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

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

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



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 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

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). For those credit exposures for which there has been credit-impaired, a loss allowance is measured at an amount equal to lifetime ECLs.

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 to 365 (up to the customers) days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- |         |   |  |
|---------|---|--|
| Stage 1 | — | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs   |
| Stage 2 | — | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | — | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs                          |

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Impairment of financial assets (continued)

#### Simplified approach

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

### Financial liabilities

#### Initial recognition and measurement

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

#### Subsequent measurement

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

#### Financial liabilities at amortised cost

After initial recognition, trade payables, other payables, and bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income 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 the statement of profit or loss and other comprehensive income.

#### 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.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 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. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

### Cash and cash equivalents

Cash and cash equivalents in the consolidated 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.

### 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 the consolidated statement of profit or loss and other comprehensive income.

### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised 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 practises 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.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Income tax (continued)

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

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

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

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

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

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.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### **Government grants**

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

### **Revenue recognition**

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

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

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

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

#### **(a) Sale of medical imaging film products**

Revenue from the sales of medical imaging film products is recognised at the point in time when control of the products is transferred to the customer, generally on delivery of the products.

#### **(b) Provision of medical imaging cloud services**

The Group provides integrated medical imaging cloud services together with medical imaging film products to a customer.

Revenue from medical imaging cloud services is recognised over time during as services are rendered.

#### **(c) Sale of software**

Revenue is recognised when the customer obtains control of the software, which is typically when the entity has fulfilled its performance obligations under the contract.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Revenue recognition (continued)

#### Other income

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

#### 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).

#### Employee benefits

##### Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

##### Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standard requires or permits their inclusion in the cost of an asset.

#### Share-based payments

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

If the identifiable consideration received by the Group appears to be less than the fair value of the Group instruments granted or liability incurred, typically this situation indicates that other consideration (i.e., unidentifiable goods or services) has been (or will be) received by the Group.

The Group measures the identifiable goods or services received in accordance with HKFRS 2. The Group measures the unidentifiable goods or services received (or to be received) as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received (or to be received). The Group measures the unidentifiable goods or services received at the grant date.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **Foreign currencies**

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

### **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

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Related parties (continued)

- (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; and the sponsoring employers of the post-employment benefit plan;
  - (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.

## 3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2.3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION

### UNCERTAINTY *(continued)*

#### Critical judgments in applying accounting policies *(continued)*

##### Revenue from contracts of sales of medical imaging film products and provision of medical imaging cloud services

The Group applies judgment to identify the performance obligations and to allocate transaction price to the contracts. The Group provides integrated medical imaging information technology services using cloud platform that are sold together with the medical imaging film products to a customer. The medical imaging cloud services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer. The Group determined that both medical imaging film products and medical imaging cloud services are each capable of being distinct. The Group also determined that the promises to transfer the medical imaging film products and to provide medical imaging cloud services are distinct within the context of the contract. The medical imaging film products and medical imaging cloud services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the medical imaging film products and medical imaging cloud services together in the contract does not result in any additional or combined functionality and neither the medical imaging film products nor the medical imaging cloud services modify or customise the other. In addition, the medical imaging film products and medical imaging cloud services are not highly interdependent or highly interrelated, because the Group would be able to transfer the medical imaging film products even if the customer declined medical imaging cloud services and would be able to provide medical imaging cloud services in relation to products sold by other suppliers. Consequently, the Group has allocated a portion of the transaction price to the medical imaging film products and medical imaging cloud services based on estimated standalone selling prices using expected cost plus a margin approach. The Group recorded cost for medical imaging film products and medical imaging cloud services separately, and applied estimated margin considering the margin of other companies in the same industry.

#### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Provision for ECLs on trade receivables

Management of the Group assesses trade receivables relating to customers with known financial difficulties or significant doubt on collection of trade receivables individually. For remaining trade receivables, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 29 to the consolidated financial statements.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

### Key sources of estimation uncertainty *(continued)*

#### Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash-generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties due to uncertainty on how the volatility or disruptions in markets may progress and evolve.

As at 31 December 2025, the net carrying amounts of property, plant and equipment, right-of-use assets and intangible assets subject to impairment assessment were RMB44,721,000, RMB4,499,000 and RMB2,387,000 (2024: N/A) respectively, after taking into account the impairment losses of RMB5,071,000, nil and nil (2024: N/A) in respect of property, plant and equipment, right-of-use assets and intangible assets that have been recognised respectively. Details of the impairment of property, plant and equipment, right-of-use assets and intangible assets are disclosed in note 13.

#### Estimated useful life of property, plant and equipment

Management of the Group determines the estimated useful lives of self-service film output printers and medical image printers included in plant and machinery under property, plant and equipment based on the historical experience of the actual useful lives of the printers and takes into consideration of any residual value of the relevant printers. At 31 December 2025, the carrying amounts of printers were RMB30,856,000 (2024: RMB42,680,000) in aggregate.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 4. OPERATING SEGMENT INFORMATION

The chief operating decision-maker (“CODM”) has been identified as the chairman of the Company who reviews the consolidated results of the Group when making decisions about resource allocation and assessing the performance of the Group. The chairman considers that the Group operates in one business segment and the measurement of segment results is based on the (loss)/profit before tax as presented in the consolidated statements of profit or loss and other comprehensive income.

As the Group generated all of its revenues in the PRC and its non-current assets (except for certain right-of-use assets amounting to RMB282,000 (2024: RMB99,000) located in Hong Kong) were located in the PRC during the year, no geographical segments are presented.

### Information about major customers

Revenue from operations of RMB88,447,000 (2024: RMB155,740,000) for the year ended 31 December 2025 was derived from sale of medical imaging film products, the provision of medical imaging cloud services and sale of software. Revenue from the sale of medical imaging film product, the provision of medical imaging cloud services and sale of software accounted for approximately 85%, 3% and 12% (2024: 76%, 6% and 18%) of the total revenue of the year ended 31 December 2025, respectively.

Revenue derived from sale to individual customers which accounted for over 10% of the total revenue of the Group during the year is as follows:

	2025 RMB'000	2024 RMB'000
Customer A	16,766	41,432
Customer B	10,726	29,294
Customer C	11,038	N/A*
	<b>38,530</b>	70,726

\* The corresponding revenue of the customer is not disclosed as the revenue individually did not contribute over 10% of the Group's total revenue for the year ended 31 December 2024.

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

(a) An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
<b>Revenue from contracts with customers by types of goods or services</b>		
Sale of medical imaging film products	75,518	118,060
Provision of medical imaging cloud services	2,203	9,203
Sale of software	10,726	28,477
	<b>88,447</b>	155,740
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	86,244	146,537
Services transferred over time	2,203	9,203
Total revenue from contracts with customers	<b>88,447</b>	155,740



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES (continued)

### (b) Contract liabilities

	2025 RMB'000	2024 RMB'000
Contract liabilities	466	938

At 1 January 2024, contract liabilities amounted to RMB1,032,000.

Contract liabilities represented the obligations to provide services to a customer for which the Group has received consideration.

### (i) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised during the year that was included in the contract liabilities at the beginning of the year.

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	660	735

### (c) Performance obligations

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

#### Sale of medical imaging film products

The performance obligation is satisfied upon acceptance of consumables when the control of goods is transferred, and the transaction is completed. Payment is generally due within 90 to 365 days from acceptance by customers, except for new customers, where payment in advance is normally required.

#### Provision of medical imaging cloud services

The performance obligation of medical imaging cloud services is satisfied over time as services are rendered. As the services are provided together with the medical imaging film products to customers, payments are made together with the payment for medical consumables.

#### Sale of software

The performance obligation of sale of software is recognised at the point in time when the software is delivered and the customer has the ability to use and benefit from the software. Payment is generally due within 365 days from acceptance by customers.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	9,896	5,691
Over one year	2,534	5,964
	12,430	11,655

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES (continued)

(d) An analysis of other income and other gains and losses is as follows:

	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Interest on bank deposits	61	716
Government grants (note)	6,365	7,543
<b>Other gains and losses</b>		
Net exchange (loss)/gain	(305)	304
Gain on early termination of lease contracts	7	—
Others	26	20
<b>Total</b>	<b>6,154</b>	<b>8,583</b>

Note: The government grants mainly represent subsidies received from the local governments for the purpose of rewarding the Group for its financial contribution. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies. There is no assurance that the Group will continue to receive such subsidies in the future.

## 6. (LOSS)/PROFIT BEFORE TAX

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

	2025 RMB'000	2024 RMB'000
Cost of inventories sold	55,947	83,682
Cost of services provided	224	1,613
Auditors' remuneration		
— Audit service		
— Moore CPA Limited	870	—
— Other auditors	13	1,892
— Non-audit service		
— Moore CPA Limited	137	—
Employee benefit expenses (including directors' emoluments)	10,711	11,884
— Wages, salaries and allowances	7,901	8,784
— Social insurance and housing fund	1,033	1,621
— Welfare and other expenses	46	76
— Share-based payment expenses	1,731	1,403
Channel expenses (included in selling and distribution expenses)	9,012	12,943
Depreciation of property, plant and equipment	14,038	6,562
— Included in cost of sales	7,689	4,365
— Included in administrative expenses, research and development costs and selling and distribution expenses	6,349	2,197
Depreciation of right-of-use assets	406	473
— Included in cost of sales	140	140
— Included in administrative expenses	266	333
Amortisation of intangible assets	1,287	239
— Included in cost of sales	1,275	227
— Included in administrative expenses	12	12
Loss on disposal of property, plant and equipment (included in other expenses)	10,225	5,518

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	Note	2025 RMB'000	2024 RMB'000
Interest on bank loans		504	625
Interest on lease liabilities	14(c)	16	84
Interest on discount of bills receivables		—	1
		<b>520</b>	<b>710</b>

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

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

Mr. Meng Xianzhen was appointed as an executive director on 11 December 2020 and also served as the chairman of the board and chief executive officer of the Company. Mr. Guo Zhenyu was appointed as an executive director of the Company on 17 September 2021. Ms. Meng Cathy was appointed as a non-executive director of the Company on 17 September 2021. Dr. Zhao Bin, Dr. Chang Shiwang and Dr. Wong Man Hin Raymond were appointed as independent non-executive directors of the Company on 7 December 2022.

### (a) Independent non-executive directors

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

	2025 RMB'000	2024 RMB'000
Dr. Zhao Bin	110	109
Dr. Chang Shiwang	110	109
Dr. Wong Man Hin Raymond	220	219
Total	<b>440</b>	<b>437</b>

There were no other emoluments payable to the independent non-executive directors of the Company during the year ended 31 December 2025 (2024: nil).

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

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

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

#### Year ended 31 December 2025

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share-based payment expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:						
Mr. Meng Xianzhen	—	2,298	—	—	52	2,350
Mr. Guo Zhenyu	—	234	—	—	40	274
	—	2,532	—	—	92	2,624
Non-executive director:						
Ms. Meng Cathy	110	—	—	—	—	110
Total	110	2,532	—	—	92	2,734

#### Year ended 31 December 2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share-based payment expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:						
Mr. Meng Xianzhen	—	1,705	—	—	54	1,759
Mr. Guo Zhenyu	—	242	—	—	41	283
	—	1,947	—	—	95	2,042
Non-executive director:						
Ms. Meng Cathy	109	—	—	—	—	109
Total	109	1,947	—	—	95	2,151

The above remuneration information of each of these directors of the Company was recorded in the consolidated financial statements of the Group.

There was no arrangement under which a director of the Company waived or agreed to waive any remuneration during both years.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group for the year. The independent non-executive directors' emoluments shown above were for the services as directors of the Company for the year.

During both years, no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2025 included one director (2024: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining four (2024: three) highest paid employees who are not directors of the Company during the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	1,259	1,036
Discretionary bonus	—	—
Equity-settled share-based payment expenses	201	156
	<b>1,460</b>	<b>1,192</b>

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

	Number of employees	
	2025	2024
Nil to Hong Kong Dollars ("HKD") 1,000,000	4	3

## 10. INCOME TAX (CREDIT)/EXPENSE

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

The income tax (credit)/expense of the Group for the year is analysed as follows:

	Note	2025 RMB'000	2024 RMB'000
Current — Mainland China		376	9,658
Over-provision in prior years — Mainland China		(1,793)	—
Deferred tax	23	—	(799)
Total tax (credit)/charge for the year		<b>(1,417)</b>	<b>8,859</b>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 10. INCOME TAX (CREDIT)/EXPENSE (continued)

A reconciliation of the income tax (credit)/expense applicable to (loss)/profit before tax at the statutory income tax rate in Mainland China to the income tax (credit)/expense at the Group's effective income tax rate is as follows:

	2025 RMB'000	2024 RMB'000
(Loss)/profit before tax	<b>(31,378)</b>	26,309
Tax at the statutory tax rate of 25% in Mainland China* (2024: 25%)	<b>(7,844)</b>	6,577
Tax effect of expenses not deductible for tax purpose	<b>2,039</b>	1,357
Over-provision in prior years	<b>(1,793)</b>	—
Extra deduction of research and development expenses	<b>(811)</b>	(1,143)
Income tax at concessionary rate	<b>(322)</b>	—
Tax effect of tax losses not recognised	<b>7,314</b>	2,068
Tax (credit)/charge for the year	<b>(1,417)</b>	8,859

\* In Mainland China, the current income tax has been provided based on the statutory rate of 25% of the assessable profit of the subsidiaries of the Group in Mainland China as determined in accordance with the PRC Enterprise Income Tax Law which was approved and became effective on 1 January 2008.

A subsidiary of the Group is qualified as High and New Technology Enterprise and was entitled to preferential Enterprise Income Tax rate of 15% for the years ended 31 December 2025 and 2024.

## 11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

## 12. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share amount is based on the loss for the year ended 31 December 2025 attributable to owners of the Company of RMB29,716,000 (2024: profit for the year attributable to owners of the Company of RMB17,204,000), and the weighted average number of ordinary shares of 936,082,000 (2024: 939,398,644) in issue during the year ended 31 December 2025.

The calculation of the diluted (loss)/earnings per share amounts is based on the (loss)/profit for the year attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 12. (LOSS)/EARNINGS PER SHARE (continued)

The calculation of basic and diluted (loss)/earnings per share is based on:

	2025 RMB'000	2024 RMB'000
<b>(Loss)/earnings</b>		
(Loss)/profit for the year attributable to owners of the Company, used in the basic and diluted (loss)/earnings per share calculation	<b>(29,716)</b>	17,204
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share	<b>(29,716)</b>	17,204

	Number of shares	
	2025	2024
<b>Number of shares</b>		
Number of ordinary shares issued	<b>950,000,000</b>	950,000,000
Less: restriction shares	<b>(13,918,000)</b>	(10,601,356)
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<b>936,082,000</b>	939,398,644

No adjustment has been made to the basic (loss)/earnings per share amount presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during both years.

## 13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Equipment and others RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2025:						
Cost	7,181	70,833	230	1,638	227	80,109
Accumulated depreciation	(2,516)	(27,092)	(12)	(1,638)	(227)	(31,485)
Net carrying amount	4,665	43,741	218	—	—	48,624
At 1 January 2025, net of accumulated depreciation	4,665	43,741	218	—	—	48,624
Additions	—	24,895	—	329	290	25,514
Disposals	—	(10,308)	—	—	—	(10,308)
Impairment loss	—	(5,071)	—	—	—	(5,071)
Depreciation provided during the year	(527)	(13,364)	(9)	(75)	(63)	(14,038)
At 31 December 2025, net of accumulated depreciation	4,138	39,893	209	254	227	44,721
At 31 December 2025:						
Cost	7,181	78,895	230	1,608	517	88,431
Accumulated depreciation	(3,043)	(33,931)	(21)	(1,354)	(290)	(38,639)
Accumulated impairment	—	(5,071)	—	—	—	(5,071)
Net carrying amount	4,138	39,893	209	254	227	44,721

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

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

	Buildings RMB'000	Plant and machinery RMB'000	Equipment and others RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2024:						
Cost	7,181	49,830	197	1,638	227	59,073
Accumulated depreciation	(1,904)	(21,212)	(8)	(1,584)	(215)	(24,923)
Net carrying amount	5,277	28,618	189	54	12	34,150
At 1 January 2024, net of accumulated depreciation	5,277	28,618	189	54	12	34,150
Additions	—	28,232	33	—	—	28,265
Disposals	—	(7,229)	—	—	—	(7,229)
Depreciation provided during the year	(612)	(5,880)	(4)	(54)	(12)	(6,562)
At 31 December 2024, net of accumulated depreciation	4,665	43,741	218	—	—	48,624
At 31 December 2024:						
Cost	7,181	70,833	230	1,638	227	80,109
Accumulated depreciation	(2,516)	(27,092)	(12)	(1,638)	(227)	(31,485)
Net carrying amount	4,665	43,741	218	—	—	48,624

At 31 December 2025, certain of the Group's buildings with a net carrying amount of RMB4,138,000 (2024: RMB4,585,000) and prepaid land lease payments of RMB3,948,000 (2024: RMB4,048,000) included in right-of-use assets (note 14) were pledged to secure general banking facilities granted to the Group (note 22).



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

### **Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets with finite useful lives**

Due to the keen market competition in the PRC, the Group incurred net loss of RMB29,961,000 for the year ended 31 December 2025. Management of the Group concluded that there was indication for impairment and conducted impairment assessment on property, plant and equipment, right-of-use assets and intangible assets with finite useful lives with carrying amounts before impairment of RMB49,792,000, RMB4,499,000 (note 14) and RMB2,387,000 (note 15), respectively.

The Group estimates the recoverable amount of the Group as the only and single cash-generating unit to which the asset belongs.

The recoverable amount of cash-generating unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering the following five years with a pre-tax discount rate of 17.4% as at 31 December 2025 (2024: N/A). The average annual growth rate used is 12.6% (2024: N/A), which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. The cash flows beyond the 5-year period are extrapolated using 3.0% growth rate (2024: N/A). Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the cash-generating unit's past performance and management expectations for the market development. The growth rates and discount rate as at 31 December 2025 have been assessed taking into consideration the change due to ongoing uncertain macroeconomic environment, which includes the impact of changes in inflation, volatility in foreign exchange rates, increased interest rates, changes in commodity pricing, volatility in financial market turbulence.

Based on the result of the assessment, the recoverable amount of the cash-generating unit lower than its carrying amount by RMB5,071,000 (2024: N/A).

If the pre-tax discount rate was changed to 17.9% (2024: N/A), while other parameters remain constant, a further aggregate impairment of RMB6,900,000 (2024: N/A) would be recognised.

If the average annual growth rate were reduced by 0.5% (2024: N/A), while other parameters remain constant, a further aggregate impairment of RMB3,800,000 (2024: N/A) would be recognised.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 14. LEASES

### The Group as a lessee

The Group has signed lease contracts for the office and land use rights used in its operations. The lease term of the office is 3 to 5 years. Lump sum payments were made upfront to acquire the land use rights with the lease periods of 50 years from the owners, and no ongoing payments will be made under the terms of the land lease. 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:

	Prepaid land		Total RMB'000
	lease payments RMB'000	Office premises RMB'000	
At 1 January 2025	4,048	358	4,406
Additions	—	569	569
Depreciation charge	(100)	(306)	(406)
Reduction upon early termination of lease contracts	—	(70)	(70)
At 31 December 2025	3,948	551	4,499
At 1 January 2024	4,147	682	4,829
Additions	—	50	50
Depreciation charge	(99)	(374)	(473)
At 31 December 2024	4,048	358	4,406

#### (b) Lease liabilities

	At 31 December	
	2025 RMB'000	2024 RMB'000
<b>Lease liabilities payable:</b>		
Within one year	183	279
Within a period of more than one year but not exceeding two years	153	129
Within a period of more than two year but not exceeding five years	215	26
	551	434
Less: amount due for settlement within 12 months shown under current liabilities	(183)	(279)
Amount due for settlement after 12 months shown under non-current liabilities	368	155

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 14. LEASES (continued)

### The Group as a lessee (continued)

#### (b) Lease liabilities (continued)

The weighted average incremental borrowing rates applied to lease liabilities range from 3.15% to 5.13% (2024: 5.13%) per annum.

All lease liabilities are denominated in currencies that are the same as the functional currencies of the relevant group entities.

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

	At 31 December	
	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	16	84
Depreciation charge of right-of-use assets	406	473
Total amount recognised in profit or loss	422	557
Total cash outflow for leases	391	399

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 15. INTANGIBLE ASSETS

	Software RMB'000
At 1 January 2025, net of accumulated amortisation	3,674
Amortisation provided during the year	(1,287)
At 31 December 2025, net of accumulated amortisation	2,387
At 31 December 2025:	
Cost	4,023
Accumulated amortisation	(1,636)
Net carrying amount	2,387
At 1 January 2024, net of accumulated amortisation	139
Additions	3,774
Amortisation provided during the year	(239)
At 31 December 2024, net of accumulated amortisation	3,674
At 31 December 2024:	
Cost	4,023
Accumulated amortisation	(349)
Net carrying amount	3,674

All intangible assets have been available for use during both years.

## 16. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	5,033	10,101
Finished goods	2,332	4,270
	7,365	14,371



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 17. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	170,217	178,519
Bills receivables	4,852	3,624
Less: allowance for credit losses	(11,783)	(7,953)
Trade and bills receivables, net	163,286	174,190

At 1 January 2024, trade receivables from contracts with customers amounted to RMB115,368,000.

Trade and bills receivables mainly represented receivables from sales of medical imaging film products, provision of medical imaging cloud services and sales of software. The Group's trading terms with its customers are mainly on credit stipulated in the relevant contracts. The credit period is generally 90 to 365 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group has certain concentrations of credit risk that may arise from the exposure to the trade receivables of its five largest customers accounting for approximately 80.7% (2024: 73.9%), of the Group's total trade receivables at 31 December 2025. The Group also has concentrations of credit risk, that may arise from the exposure to the trade receivables of its largest customer accounting for approximately 32.0% (2024: 27.2%), of the Group's total trade receivables as at 31 December 2025. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

At 31 December 2025, the Group has discounted certain bank acceptance notes before maturity and the amounts of notes, which were discounted and not due are RMB264,000 (2024: RMB232,000). These discounted bank acceptance notes have maturity dates of less than twelve months from the end of each year.

An ageing analysis of the trade receivables at the end of each year, based on the date of delivery notes of products sold and net of allowance for credit losses, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	70,313	132,416
1 to 2 years	88,121	38,150
	158,434	170,566

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 17. TRADE AND BILLS RECEIVABLES (continued)

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables, for details about the calculation of the allowance are set out in note 29.

As at 31 December 2025, bills receivables of RMB4,852,000 (2024: RMB3,624,000), whose fair values approximate to their carrying values, were classified as financial assets through other comprehensive income under HKFRS 9. The fair value changes of these bills receivables at fair value through other comprehensive income were insignificant.

## 18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments paid to suppliers	4,227	1,835
Prepayments for acquisition of property, plant and equipment	3,850	9,860
Prepaid expenses (note)	9,660	—
Subtotal of prepayments	17,737	11,695
Other receivables arising from disposal of property, plant and equipment	—	8,113
Other receivables and deposits	293	5,717
Subtotal of other receivables	293	13,830
Deductible value-added tax	6,487	3,170
	<b>24,517</b>	28,695
Less: prepayments for acquisition of property, plant and equipment presented as non-current assets	<b>(3,850)</b>	—
Prepayments, other receivables and other assets presented as current assets	<b>20,667</b>	28,695

Note: The amounts are prepaid operating expenses included certain amounts prepaid for research and development costs.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 19. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	21,932	28,226
Denominated in RMB	20,567	22,219
Denominated in HKD	1,361	5,888
Denominated in USD	4	119
	21,932	28,226

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, 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. The bank balances are deposited with creditworthy banks with no recent history of default.

## 20. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each year, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	1,242	560
	1,242	560

Trade payables are non-interest-bearing.

## 21. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Value-added tax payables	9,202	7,833
Payroll and welfare payables	1,519	1,216
Other payables (note)	2,351	2,564
	13,072	11,613

Note: Other payables are non-interest-bearing and repayable on demand.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 22. BANK BORROWINGS

	2025 RMB'000	2024 RMB'000
Secured	7,500	7,500
Unsecured	5,264	10,212
	<b>12,764</b>	<b>17,712</b>

At 31 December 2025, the Group's bank borrowings of RMB7,500,000 (2024: RMB7,500,000) are secured by mortgages over the Group's buildings included in property, plant and equipment and prepaid land lease payments included in right-of-use assets, with a net aggregate carrying value of RMB8,086,000 (2024: RMB8,633,000 (note 13)).

The carrying amounts of the above bank borrowings are analysed based on contractual repayment date as follows:

	2025 RMB'000	2024 RMB'000
The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	12,764	17,712

The exposure of the Group's bank borrowings are as follows:

	2025 RMB'000	2024 RMB'000
Fixed-rate borrowings	12,764	17,712

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	2025	2024
Effective interest rate of fixed-rate bank borrowings	3.10% to 3.45% per annum	3.10% to 3.90% per annum

All of the Group's bank borrowings are denominated in the currency that is the same as the functional currency of the relevant group entities.

At the end of the reporting period, the Group has the following undrawn bank borrowing facilities:

	2025 RMB'000	2024 RMB'000
Fixed-rate		
— expiring beyond one year	3,200	—

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 23. DEFERRED TAX

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

### Deferred tax assets

	Deferred tax assets		Deferred tax liabilities		Total RMB'000
	Impairment of trade receivables RMB'000	Lease liabilities RMB'000	Right-of-use assets RMB'000		
Balance at 1 January 2024	1,183	175	(175)		1,183
Credit/(charge) to profit or loss	799	(66)	66		799
Balance at 31 December 2024	1,982	109	(109)		1,982
<b>Balance at 1 January 2025</b>	<b>1,982</b>	<b>109</b>	<b>(109)</b>		<b>1,982</b>
<b>Credit/(charge) to profit or loss</b>	<b>—</b>	<b>29</b>	<b>(29)</b>		<b>—</b>
<b>Balance at 31 December 2025</b>	<b>1,982</b>	<b>138</b>	<b>(138)</b>		<b>1,982</b>

At 31 December 2025, the Group had unused tax losses arising in the PRC of RMB37,528,000 (2024: RMB8,272,000) available to offset against future profits. No deferred tax assets have been recognised in respect of such losses due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years:

	2025 RMB'000	2024 RMB'000
2029	8,272	8,272
2030	29,256	—
	<b>37,528</b>	8,272

### Deferred tax liability

At 31 December 2025 and 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's earnings will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The total amounts of temporary differences associated with the investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised were RMB193,612,000 (2024: RMB192,770,000) at 31 December 2025.

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

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 24. SHARE CAPITAL OF THE COMPANY

	Number of shares '000	Share capital RMB'000
Ordinary shares of HK\$0.01 each		
<b>Authorised</b>		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<b>10,000,000</b>	<b>90,274</b>
<b>Issued and fully paid</b>		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<b>950,000</b>	<b>8,576</b>

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

	Note	Number of shares	Issued capital RMB'000	Share held for share award scheme RMB'000	Share premium RMB'000	Share award reserve RMB'000	Total RMB'000
At 1 January 2024		950,000,000	8,576	—	78,070	—	86,646
Share purchased for the share award scheme	(i)	—	—	(10,471)	—	—	(10,471)
Share award scheme — value of employee service		—	—	—	—	1,403	1,403
At 31 December 2024 and 1 January 2025		<b>950,000,000</b>	<b>8,576</b>	<b>(10,471)</b>	<b>78,070</b>	<b>1,403</b>	<b>77,578</b>
Share award scheme — value of employee service		—	—	—	—	1,731	1,731
At 31 December 2025		<b>950,000,000</b>	<b>8,576</b>	<b>(10,471)</b>	<b>78,070</b>	<b>3,134</b>	<b>79,309</b>

Note:

- (i) During the year ended 31 December 2024, 13,918,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited were purchased by the trustee for the share award scheme at the consideration of HK\$11,515,610 (approximately to RMB10,471,000).



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 25. SHARE-BASED PAYMENTS

Expenses arising from equity-settled share-based payment transactions were as follows:

	2025 RMB'000	2024 RMB'000
Share award schemes	1,731	1,403

	2025 RMB'000	2024 RMB'000
Cost of sales	190	168
Selling and distribution expenses	713	529
Administrative expenses	447	477
Research and development expenses	381	229
	1,731	1,403

Pursuant to the rules of the Share Award Scheme approved at the board of director meeting of the Company on 2 December 2023, the Company instructed the trustee to purchase from the market a total of about 13.9 million Shares for awards to the relevant grantees from 16 January 2024 to 25 June 2024. The total costs (excluding related transaction costs) involved was about HK\$11.5 million. The Company granted 6,802,000, 7,586,000, 706,000, 2,296,000 and 2,705,000 awarded Shares to Selected Participants pursuant to the Share Award Scheme on 6 January 2024 (the **"First Grant"**), 1 April 2024 (the **"Second Grant"**), 26 July 2024 (the **"Third Grant"**), 30 June 2025 (the **"Fourth Grant"**) and 18 December 2025 (the **"Fifth Grant"**), respectively. The vesting period was 5 years from the date of grant (inclusive). There is no performance target required except that the eligible participant remains in service for the Group during the vesting period.

The number of restricted shares granted to the Company's incentive participants is summarised as follows:

	2025 Number of share awards* '000	2024 Number of share awards* '000
At the beginning of the year	13,402	—
Granted	5,001	15,094
Forfeited	(4,846)	(1,692)
At the end of the year	13,557	13,402

The estimated fair values of the share awards at grant date and the closing price of the Company shares immediately before the date of grant of each grant were as follows:

	Fair values at the date of grant RMB	Price of the Company's share immediately before the date of grant HK\$
First Grant	0.61	0.67
Second Grant	0.63	0.70
Third Grant	0.73	0.80
Fourth Grant	0.32	0.35
Fifth Grant	0.50	0.55

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

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

Changes in liabilities arising from financing activities:

	Lease liabilities RMB'000	Bank borrowings RMB'000	Total RMB'000
At 1 January 2025	434	17,712	18,146
Changes from financing cash flows	(391)	—	(391)
New lease liabilities	569	—	569
Interest expense	16	—	16
Early termination of lease contracts	(77)	—	(77)
New bank loans	—	7,858	7,858
Repayment of bank loans	—	(12,806)	(12,806)
At 31 December 2025	551	12,764	13,315
At 1 January 2024	699	21,146	21,845
Changes from financing cash flows	(399)	—	(399)
New lease liabilities	50	—	50
Interest expense	84	—	84
New bank loans	—	12,712	12,712
Repayment of bank loans	—	(16,146)	(16,146)
At 31 December 2024	434	17,712	18,146

## 27. FINANCIAL INSTRUMENTS BY CATEGORY

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

### Financial assets

	2025 RMB'000	2024 RMB'000
Financial assets at amortised cost:		
Cash and cash equivalents	21,932	28,226
Trade receivables	158,434	170,566
Financial assets included in other receivables	293	13,830
	180,659	212,622
Financial assets at fair value through other comprehensive income:		
Bills receivables	4,852	3,624
	185,511	216,246

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 27. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

### Financial liabilities

	2025 RMB'000	2024 RMB'000
Trade payables	1,242	560
Bank borrowings	12,764	17,712
Financial liabilities included in other payables and accruals	2,351	2,564
	<b>16,357</b>	20,836

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

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Fair values at 31 December	
	2025 RMB'000	2024 RMB'000
<b>Financial assets</b>		
Debt instruments at fair value through other comprehensive income	4,852	3,624

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief executive officer. 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 chief executive officer.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

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

(continued)

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

The fair values of the debt instruments have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximated to their carrying amounts.

### Fair value hierarchy

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

#### Assets measured at fair value:

##### 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	
Debt instruments designated at fair value through other comprehensive income	—	4,852	—	4,852
	—	4,852	—	4,852

##### 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	
Debt instruments designated at fair value through other comprehensive income	—	3,624	—	3,624
	—	3,624	—	3,624

The fair value of the debt instruments designated at fair value through other comprehensive income have been calculated by using discounted cash flow. Future cash flows are estimated based on contractual terms of the bills receivables and discounted at a rate that reflects the credit risk of the counterparties from external credit rating agency.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade and bills receivables, other receivables which arise directly from its operations, trade payables, bank borrowings, financial liabilities included in other payables and accruals, and cash. The main purpose of these financial instruments is to support the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the board of directors of the Company holds meetings regularly to analyse and approve the proposals made by senior management of the Company. Generally, the Group introduces conservative strategies for its risk management. As the Group's exposure to these risks is kept to a minimum level, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

### Interest rate risk

The Group's exposure to the risk of changes in interest rates is limited as its interest-bearing bank borrowings bear a fixed interest rate.

### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group has concentration of credit of 32.0% (2024: 27.2%) and 80.7% (2024: 73.9%) of total trade receivables was due from the Group's largest customer and the five largest customers respectively.

### Impairment assessment of trade receivables

An impairment analysis is performed at the end of each year using an ECL model to measure ECLs. In respect of trade receivables, individual credit evaluations are performed for those debtors with significant increase in credit risk. These evaluations focus on the customer's financial position, past history of making payments and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. For the rest of trade receivables which consist of numbers of customers with common risk characteristics, the Group uses ageing to assess the impairment. The ECL rates are based on internal credit rating for groupings of various customer segments with similar loss patterns. The measurement of ECLs reflects a 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. Generally, trade receivables are written off if when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of future recovery.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Credit risk (continued)

#### Impairment assessment of trade receivables (continued)

As part of the Group's credit risk management, the Group applies internal credit rating for the customers. The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables
Performing	The counterparty has a low risk of default and does not have any past due amounts or debtor frequently repays after due dates but usually settle in full.	Lifetime ECL — not credit-impaired
Under-performing	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.	Lifetime ECL — not credit-impaired
Non-performing	There is evidence indicating the asset is credit-impaired.	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2025 and 2024 within lifetime ECL.

	Average loss rate RMB'000	Gross carrying amount RMB'000	ECLs RMB'000
<b>At 31 December 2025</b>			
Performing	4%	141,817	5,766
Under-performing	16%	26,608	4,224
Non-performing	—	—	—
		<b>168,425</b>	<b>9,990</b>
<b>At 31 December 2024</b>			
Performing	2%	140,868	2,716
Under-performing	8%	35,296	2,882
Non-performing	—	—	—
		176,164	5,598

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management of the Group to ensure relevant information about specific debtors is updated.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Credit risk (continued)

#### Impairment assessment of trade receivables (continued)

#### Movement of impairment allowance

The following table shows the movement in lifetime ECL that has been recognised for trade receivables based on provision matrix under the simplified approach.

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
At 1 January 2024	2,399	—	2,399
Impairment losses recognised	3,199	—	3,199
At 31 December 2024	5,598	—	5,598
Impairment losses recognised	<b>4,392</b>	—	<b>4,392</b>
<b>At 31 December 2025</b>	<b>9,990</b>	—	<b>9,990</b>

The directors of the Company have carefully assessed the lifetime ECL of trade receivables throughout the year. At 31 December 2025, there was no significant change for expected loss rate for trade receivables as the directors have considered that (i) the major customers and historical credit loss experience have hardly changed and (ii) there is no material change in the risk pattern and forward-looking factors.

There was an increase in the ECL rate as at 31 December 2025 to reflect the adverse impact of the delay of payments of certain customers, who are public hospitals due to the macroeconomic environment.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables based on individual assessment.

	Individual assessment RMB'000
At 1 January 2024	—
Impairment loss recognised	2,355
At 31 December 2024	2,355
Reversal of impairment loss	<b>(562)</b>
At 31 December 2025	<b>1,793</b>

At 31 December 2025, the Group provided impairment allowance of RMB9,990,000 (2024: RMB5,598,000) for trade receivables, based on the provision matrix. In addition, at 31 December 2025, the Group provided impairment allowance of RMB1,793,000 (2024: RMB2,355,000) for trade receivables with significant increase in credit risk which were assessed individually.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Credit risk (continued)

#### Maximum exposure and year-end staging as at 31 December 2025 and 2024

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 2025 and 2024. The amounts presented are gross carrying amounts for financial assets.

#### 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*	—	—	—	170,217	170,217
Bills receivables					
— Not yet past due	4,852	—	—	—	4,852
Financial assets included in other receivables					
— Normal**	293	—	—	—	293
Cash and cash equivalents***					
— Not yet past due	21,932	—	—	—	21,932
	<b>27,077</b>	<b>—</b>	<b>—</b>	<b>170,217</b>	<b>197,294</b>

#### 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*	—	—	—	178,519	178,519
Bills receivables					
— Not yet past due	3,624	—	—	—	3,624
Financial assets included in other receivables					
— Normal**	13,830	—	—	—	13,830
Cash and cash equivalents***					
— Not yet past due	28,226	—	—	—	28,226
	<b>45,680</b>	<b>—</b>	<b>—</b>	<b>178,519</b>	<b>224,199</b>

\* Trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix and individual assessment are disclosed in note 17 to the financial statements.

\*\* The credit quality of the financial assets included in other receivables is considered to be "performing" 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 "under-performing."

\*\*\* All of the Group's cash and cash equivalents are deposited in major financial institutions located in the PRC and Hong Kong, which the management believes are of high credit quality without significant credit risk. There has been no recent history of default in relation to these financial institutions. The expected credit loss is close to zero.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 29. 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 liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

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

#### At 31 December 2025

	Weighted average interest rate %	On demand or less than 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade payables	—	1,242	—	1,242	1,242
Bank borrowings	3.2	13,172	—	13,172	12,764
Financial liabilities included in other payables and accruals	—	2,351	—	2,351	2,351
Lease liabilities	4.1	200	388	588	551
		<b>16,965</b>	<b>388</b>	<b>17,353</b>	<b>16,908</b>

#### At 31 December 2024

	Weighted average interest rate %	On demand or less than 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade payables	—	560	—	560	560
Bank borrowings	3.4	18,306	—	18,306	17,712
Financial liabilities included in other payables and accruals	—	2,564	—	2,564	2,564
Lease liabilities	5.1	293	171	464	434
		<b>21,723</b>	<b>171</b>	<b>21,894</b>	<b>21,270</b>



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 29. 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 considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a ratio, which is total liabilities divided by total equity. The Group's strategy is to maintain the ratio at a healthy level in order to support its business. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its businesses.

The ratios as of the end of each year are as follows:

	2025 RMB'000	2024 RMB'000
Total liabilities (RMB'000)	38,413	43,662
Total equity (RMB'000)	232,276	260,506
Ratio	17%	17%

## 30. RELATED PARTY TRANSACTIONS

### Key management compensation

Executive directors and certain senior management personnel are considered key management of the Group. The emoluments of key management personnel during the year are as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	3,514	2,756
Discretionary bonus	—	—
Post-employment benefits	145	148
Share-based payments	175	135
	3,834	3,039

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 31. EVENTS AFTER THE REPORTING PERIOD

Other than the change in substantial shareholders of the Company as disclosed in note 1, there is no other material subsequent event undertaken by the Group after 31 December 2025.

## 32. 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:

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1	4
Right-of-use assets		282	99
Investments in subsidiaries		2,749	2,749
Total non-current assets		3,032	2,852
<b>CURRENT ASSETS</b>			
Other receivables and other assets		12,644	12,935
Cash and cash equivalents		877	5,481
Total current assets		13,521	18,416
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		1,167	291
Lease liabilities		102	95
Total current liabilities		1,269	386
<b>NET CURRENT ASSETS</b>		<b>12,252</b>	<b>18,030</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		179	72
Total non-current liabilities		179	72
<b>NET ASSETS</b>		<b>15,105</b>	<b>20,810</b>
<b>EQUITY</b>			
Share capital	24	8,576	8,576
Reserves	(a)	6,529	12,234
<b>Total equity</b>		<b>15,105</b>	<b>20,810</b>

The Company's statement of financial position was approved and authorised for issue by the board of directors on 31 March 2026 and was signed on its behalf by:

**Meng Xianzhen**  
Director

**Guo Zhenyu**  
Director

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2025

## 32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note (a):

A summary of the Company's reserve is as follows:

	Shares held for Share Award Scheme RMB'000	Share award reserve RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	—	—	88,985	(44,859)	44,126
Shares Purchased for the Share Award Scheme	(10,471)	—	—	—	(10,471)
Share Award Scheme — value of employee service	—	1,403	—	—	1,403
Loss and total comprehensive expense for the year	—	—	—	(4,630)	(4,630)
Final 2023 dividend declared	—	—	—	(18,194)	(18,194)
At 31 December 2024 and 1 January 2025	<b>(10,471)</b>	<b>1,403</b>	<b>88,985</b>	<b>(67,683)</b>	<b>12,234</b>
Share Award Scheme — value of employee service	—	1,731	—	—	1,731
Loss and total comprehensive expense for the year	—	—	—	(7,436)	(7,436)
At 31 December 2025	<b>(10,471)</b>	<b>3,134</b>	<b>88,985</b>	<b>(75,119)</b>	<b>6,529</b>