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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. LI Kejian (李克儉) (*Chairperson*)
 Mr. ZHU Jun (朱軍) (*General manager*)
 Mr. LIU Wei (劉偉) (*Chief financial officer, board secretary
 and joint company secretary*)

Non-executive Directors

Mr. LV Shiwen (呂世文)
 Mr. ZHAO Chunsheng (趙春生)

Independent non-executive Directors

Dr. GAO Dayong (高大勇)
 Mr. LIANG Hsien Tse Joseph (梁顯治)
 Dr. QIN Zheng (覃正)
 Dr. HU Henan (胡赫男)

AUDIT COMMITTEE

Mr. LIANG Hsien Tse Joseph (梁顯治) (*Chairperson*)
 Mr. ZHAO Chunsheng (趙春生)
 Dr. QIN Zheng (覃正)

REMUNERATION COMMITTEE

Dr. QIN Zheng (覃正) (*Chairperson*)
 Mr. LIANG Hsien Tse Joseph (梁顯治)
 Mr. LI Kejian (李克儉)

NOMINATION COMMITTEE

Mr. LI Kejian (李克儉) (*Chairperson*)
 Dr. QIN Zheng (覃正)
 Dr. HU Henan (胡赫男)

JOINT COMPANY SECRETARIES

Mr. LIU Wei (劉偉)
 Ms. LEUNG Wai Yan (梁慧欣) (*ACG, HKACG*)

AUTHORIZED REPRESENTATIVES

Mr. ZHU Jun (朱軍)
 Ms. LEUNG Wai Yan (梁慧欣)

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

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 Registered Public Interest Entity Auditor*
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As to PRC law:
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Zhejiang Province
PRC

STOCK CODE

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COMPANY'S WEBSITE

www.cryofocus.com

LISTING DATE

December 30, 2022

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years^(Note) is set out below:

	For the year ended December 31,				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	95,268	53,531	40,950	27,149	22,426
Gross profit	63,984	38,410	31,052	19,362	15,545
Loss for the year	(44,456)	(111,277)	(105,746)	(118,316)	(126,497)
Cash and cash equivalents	35,033	45,458	103,402	226,422	157,867

	As at December 31,				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total non-current assets	46,229	51,088	62,906	49,655	42,306
Total current assets	91,228	98,159	149,915	264,208	189,387
Total current liabilities	60,240	59,815	30,782	45,734	28,289
Total non-current liabilities	28,684	10,501	8,579	8,740	6,406
Non-controlling interests	(1,204)	5,083	11,995	20,255	26,349
Total equity	48,533	78,931	173,460	259,389	196,998

Note: The H Shares of the Company were listed on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on December 30, 2022.

Chairperson's Statement

Dear Shareholders, partners and employees,

On behalf of the board of directors of Cryofocus Medtech (Shanghai) Co., Ltd. (the “**Company**” or “**Cryofocus Medtech**”) and its subsidiaries (collectively, the “**Group**”), I would like to extend my sincerest greetings and gratitude to all of you for your long-standing trust, support and companionship.

In 2025, global competition in the medical technology had been intensifying, and the commercialization potential of innovative products had become a key metric for assessing corporate value. In this year full of challenges and opportunities, Cryofocus Medtech remained committed to its mission to “specialize in development of cryoablation technology with commitment to research and development of innovative life science technology in China”. Leveraging our forward-looking strategic planning, solid technological foundation and innovative product pipeline, we not only reinforced our leadership in the field of minimally-invasive interventional cryotherapy in China, but also laid a critical foundation for our journey toward global markets. The Group's annual revenue reached a historic high of RMB95.27 million, representing a year-on-year increase of 78.0%, marking a new level in our commercialization capabilities and growth resilience.

Over the past year, our core progress had advanced in a coordinated manner across multiple dimensions, jointly building our long-term competitiveness. In Chinese mainland, we continued to deepen our product matrix and consolidated our leading market position, while promoting the efficient transformation and registration of innovative results. Following the successful commercialization of multiple products in 2024, our respiratory intervention product line achieved a series of breakthroughs in 2025. In March, we received the NMPA approval for our Malignant Stenosis Cryoablation System. In August, we received the NMPA approval for the registration change of Disposable Cryoprobe of Cryoadhesion system, achieving a comprehensive upgrade in product performance optimization and indication coverage, thus reinforcing the Group's advantages in that niche segment. In December of the same year, our Anti-Gastroesophageal Reflux System was granted approval by the NMPA for marketing, further diversifying our therapeutic solutions. These achievements significantly enriched our product portfolio, broadened our commercialization pathways and strengthened our competitive moat in niche segments.

Meanwhile, our internationalization strategy achieved a landmark breakthrough. Our Asthma Cryoablation System was granted designation as a “Breakthrough Medical Device” by the FDA in July 2025. Not only was this a strong endorsement from an internationally authoritative organization of our product's innovation and clinical potential, but it also opened a fast track for entering the world's largest medical market in the future. This demonstrated Cryofocus Medtech's research and development capabilities and the innovative advantages and market competitiveness of its products, which had been rooted in China with a global outlook.

In last year, our significant progress in products were all based on our world-leading platform for minimally-invasive cryotherapy which we had been committed to build. Quality remained our top priority, and we implemented full-chain quality management and control based on strict industry standards in order to ensure that every product we deliver was safe, effective and reliable. This provided the strongest protection for continued innovation, pipeline expansion and brand building.

Looking forward, Cryofocus Medtech will focus on a series of strategic priorities to drive sustainable growth. We will accelerate innovative iteration, continue to invest in research and development, as well as consolidating and expanding our technical edges in the field of cryotherapy. We will deepen our commercial expansion to actively promote the market penetration of our launched products and the commercialization progress of our product candidates, particularly by building synergies in core therapeutic areas such as respiratory, vascular and digestive diseases. We will advance our global footprint by leveraging the breakthrough FDA designation to accelerate overseas clinical, regulatory approvals and market layout, bringing China's innovative achievements to the broader global patient population. At the same time, we will dedicate ourselves to strengthening value creation by continuously enhancing operational efficiency and profitability, and deliver solid performance to reward shareholders for their support and trust.

With favorable strong winds for the long journey ahead, we set sail under heavy responsibilities. Looking ahead to 2026, Cryofocus Medtech will harness the momentum with vigor and determination while sustaining innovation. We look forward to continuing to work with all of you to build a new future in which medical innovation and technology enhance human health.

Mr. LI Kejian

Chairman of the Board

March 27, 2026

Management Discussion and Analysis

I. BUSINESS REVIEW

Overview

We are an innovative medical device company in China with a main focus on the field of minimally-invasive interventional cryotherapy. We use liquid nitrogen as the main cryogenic source for cryotherapy systems by leveraging our unique liquid nitrogen cryoablation technology and advanced flexible catheter technology. Since our inception in 2013, we have developed a comprehensive product portfolio mainly focusing on two therapeutic areas: (i) vascular interventional therapy for the treatment of atrial fibrillation, hypertension and other cardiovascular diseases; and (ii) natural orifice transluminal endoscopic surgery, or NOTES, for the treatment of urinary, respiratory, and digestive diseases (e.g., bladder cancer, chronic obstructive pulmonary disease, asthma, airway stenosis, gastric cancer, and esophageal cancer). We believe our competitive advantage, technologies and product pipeline have helped us establish high entry barriers difficult for our competitors to surpass.

Products and Pipeline

We have developed a comprehensive product portfolio including 14 cryotherapy products and product candidates with a main focus on vascular intervention and NOTES, as well as eleven additional non-cryotherapy products and product candidates. We have commercialized eleven products as at the date of this annual report. The following diagram summarizes the status of our products and product candidates as at the date of this annual report.

Our Products and Products Candidates		Products/Product Candidates	Indications/Clinical Applications	NMPA Classification	Development Stage			Expected/Actual Time of Completion of the Current Stage	Expected/Actual Time of Approval for Commercialization			
					Pre-Clinical	Clinical	Registration and Approval					
Vascular Interventional Cryotherapy Products and Product Candidates	Vascular Intervention	AF Cryoablation System (心臟冷凍消融系統)	Paroxysmal atrial fibrillation	III			★	N/A	Dec-23			
		Cryo-RDN System (Cryofocus 冷凍消融系統)	Resistant hypertension	III				2H26	2H27			
		Pulmonary Hypertension Cryoablation System (肺動脈高壓冷凍消融系統)	Pulmonary hypertension	III				2H26	2H29			
	NOTES Interventional Cryotherapy Products and Product Candidates	Respiratory Intervention	COPD Cryospray System (慢阻肺冷凍噴霧治療系統)	COPD with chronic bronchitis	III				1H27	1H28		
			Asthma Cryoablation System (哮喘冷凍消融系統)	Moderate and severe asthma	III				2H27	1H29		
			Malignant Stricture Cryoablation System (惡性狹窄冷凍消融系統)	Malignant airway stenosis	III				★	N/A	Mar-25	
			Benign Stricture Cryoablation System (良性狹窄冷凍消融系統)	Benign airway lesion	III					1H27	2H27	
			Peri-Pulmonary Nodule Cryoablation System (肺周結節冷凍消融系統)	Peri-pulmonary nodules	III					2H26	2H27	
			Cough Cryospray System (咳嗽冷凍噴霧治療系統)	Chronic cough	III					2H27	2H28	
			Tuberculosis Cryospray System (結核冷凍噴霧治療系統)	Tracheobronchial tuberculosis	III					2H27	2H28	
Non-Cryotherapy Products and Product Candidates	Cancer Intervention	Cryoablation System (冷凍粘連治療系統)	Biopsy, stenosis revascularization and foreign body retrieval	III				★	N/A	Jan-24		
		Bladder Cryoablation System (膀胱冷凍消融系統)	Non-muscle-invasive bladder tumors	III				★	N/A	Jun-22		
		Gastric Cryoablation System (胃部冷凍消融系統)	Gastric tumors	III					1H27	1H28		
	Non-Cryotherapy Products and Product Candidates	Other	Esophageal Cryospray System (食道冷凍噴霧治療系統)	Intermediate to advanced esophagus cancer	III					1H27	1H28	
			Atrial Fibrillation Pulsed Field Ablation System (房顫脈衝電場消融 PFA 系統)	Paroxysmal atrial fibrillation	III					1H28	1H29	
			Anti-Gastroesophageal Reflux System (抗胃食管反流系統)	Gastroesophageal reflux disease	III					N/A	Dec-25	
			Pulmonary Nodule Localization Needle (肺結節定位針)	CT-guided localization of lung nodules	II					★	N/A	Mar-19
			Endoscopic Clip for Anastomosis (內鏡吻合夾)	Closure treatment of soft tissues	II					★	N/A	Aug-22
			Laparoscopic Single Port Multi-Channel Access Platform (單孔多通道腹腔鏡手術入路系統)	Laparoscopic surgery	II					★	N/A	Feb-17
			Wound Retractor (開創保護器)	Small incision surgery and minimally invasive surgery	II					★	N/A	May-14
Ureteral Dilatation Balloon Catheter (輸尿管擴張球囊導管)	Ureteral Stricture	II					★	N/A	Dec-18			
Laparoscopic Biopsy Bag (腹腔鏡用活檢袋)	Biopsy	II					★	N/A	May-14			
Laparoscopic Surgical Instrument (腹腔鏡手術器械)	Laparoscopy	II					★	N/A	Oct-18			
Transseptal Guiding Introducer (房間隔穿刺鞘)	Cardiac Interventional Surgery	III						N/A	Dec-25			
Endoscopic Additional Working Channel Catheter (內窺鏡導管)	Interventional Endoscopy Procedure	II						N/A	Jan-26			

★ Commercialized Product Status

Our Products and Product Candidates

Vascular Interventional Cryotherapy Products and Product Candidates

Vascular Intervention

1. AF Cryoablation System

Our Atrial Fibrillation Cryoablation System (心臟冷凍消融系統) (“**AF Cryoablation System**”) is a self-developed cryoablation system indicated for the treatment of paroxysmal atrial fibrillation. The AF Cryoablation System treats atrial fibrillation by freezing and destroying abnormal heart tissues that create irregular heartbeats in a minimally invasive procedure.

We initiated the clinical trial for the AF Cryoablation System in October 2019. We submitted the registration application for our AF Cryoablation System to the NMPA in July 2022, and have received the NMPA approval for the AF Cryoablation System in December 2023. Further, we have passed the Good Manufacturing Practice (“**GMP**”) examination conducted by the Shanghai Medical Products Administration for the AF Cryoablation System in January 2024. We commercialized our AF Cryoablation System in China in September 2024.

2. Cryo-RDN System

Our Cryofocus Renal Denervation System (Cryofocus 冷凍消融系統) (“**Cryo-RDN System**”) is a self-developed cryoablation system designed for the treatment of hypertension. Renal denervation is a minimally-invasive procedure intended to deliver energy to overactive nerves in the kidney, which is a cause of hypertension, so as to decrease their activity and treat hypertension. Our Cryo-RDN System delivers liquid nitrogen to the target area of the renal artery to perform circumferential ablation, which damages nerve tissues through the formation and rewarming of ice balls, thus achieving the treatment of hypertension.

We aim to make this product candidate the world’s first cryoablation product that specifically focuses on the treatment of hypertension. In December 2022, the Cryo-RDN System was granted designation as a “Breakthrough Device” by the FDA. We are currently conducting a confirmatory clinical trial of the Cryo-RDN System, and we expect to obtain approval from the NMPA in the second half of 2027.

3. Pulmonary Hypertension Cryoablation System

Our Pulmonary Hypertension Cryoablation System (肺動脈高壓冷凍消融系統) (“**PH Cryoablation System**”) is a self-developed cryoablation system designed for treating pulmonary hypertension. It employs a balloon catheter to perform circumferential cryoablation on the sympathetic nerve of pulmonary artery, effectively isolating the sympathetic nerve signaling and thus treating pulmonary hypertension.

Our PH Cryoablation System is currently in the stage of pre-clinical study and we expect to obtain approval from the NMPA in the second half of 2029.

NOTES Interventional Cryotherapy Products and Product Candidates

Respiratory Intervention

1. COPD Cryospray System

Our COPD Cryospray System (慢阻肺冷凍噴霧治療系統) is a spray cryotherapy system developed by the Company, which is indicated to perform cryotherapy for patients suffering from COPD with chronic bronchitis. Our COPD Cryospray System ablates and deactivates the diseased airway mucosal epithelium by spraying liquid nitrogen under the bronchoscope to achieve therapeutic effect.

Our COPD Cryospray System entered into the confirmatory clinical trial phase in March 2023. We expect to submit the product registration submission to the NMPA in the first half of 2027 and to obtain approval from the NMPA in the first half of 2028.

2. Asthma Cryoablation System

Our Asthma Cryoablation System (哮喘冷凍消融系統) is a self-developed cryoablation system for treating moderate and severe asthma.

The Asthma Cryoablation System consists of a cryotherapy equipment and an airway cryoablation catheter. During the procedure, the Asthma Cryoablation System destroys the vagus nerve in the lungs through cryoablation, reducing the release of over-activated acetylcholine that is a cause of asthma, and decreasing mucus secretion, thus achieving the effect of treating asthma.

Our Asthma Cryoablation System entered into the confirmatory clinical trial phase in March 2023. We expect to submit the product registration submission to the NMPA in the second half of 2027 and to obtain approval from the NMPA in the first half of 2029.

3. Malignant Stenosis Cryoablation System

Our Malignant Stenosis Cryoablation System (惡性狹窄冷凍消融系統) is a self-developed cryoablation system indicated to ablate malignant airway tumor tissue and reduce the frequency of airway restenosis.

The Malignant Stenosis Cryoablation System consists of a cryotherapy equipment and an airway cryoablation catheter. During the procedure, the Malignant Stenosis Cryoablation System ablates tumor cells in the lumen and luminal wall of the trachea with the ultra-low temperature generated by the cryoablation system, and then further destroys tumor cells through rewarming. The cryoablation balloon allows for more complete ablation of malignant tumors on a larger scale and delays restenosis time.

We initiated the clinical trial for the Malignant Stenosis Cryoablation System in April 2021. We submitted the registration application for our Malignant Stenosis Cryoablation System to the NMPA in May 2024, and have received the NMPA approval for the Malignant Stenosis Cryoablation System in March 2025. We commercialized our Malignant Stenosis Cryoablation System in China in May 2025.

4. Benign Stenosis Cryoablation System

Our Benign Stenosis Cryoablation System (良性狹窄冷凍消融系統) is a self-developed cryoablation system based on liquid nitrogen for ablating benign airway stenosis lesion. This product candidate can perform cryoablation treatment and reduce the frequency of airway restenosis.

Our Benign Stenosis Cryoablation System entered into the confirmatory clinical trial phase in January 2024. We expect to submit the product registration submission to the NMPA in the first half of 2027 and to obtain approval from the NMPA in the second half of 2027.

5. Peri-Pulmonary Nodule Cryoablation System

Our Peri-Pulmonary Nodule Cryoablation System (肺周結節冷凍消融系統) is a self-developed cryoablation system for treating peri-pulmonary nodules. Our Peri-Pulmonary Nodule Cryoablation System consists of a cryotherapy equipment and an airway cryoablation catheter. During the procedure, the Peri-Pulmonary Nodule Cryoablation System delivers the cryoablation balloon to the target site through the bronchoscope, the ultra-low temperature from liquid nitrogen in the catheter leads to the rapid formation of ice spheres inside the tumor, which results in the formation of ice crystals inside and outside the tumor cells, thus destroying the tumor cells. The Peri-Pulmonary Nodule Cryoablation System adopts a flexible catheter and trans-airway access treatment modality, which can greatly reduce the chance of pneumothorax, hemoptysis and other complications.

Our Peri-Pulmonary Nodule Cryoablation System is currently in the confirmatory clinical trial phase. We expect to submit the product registration submission to the NMPA in the second half of 2026, and to receive the NMPA approval for this product in the second half of 2027.

6. Cough Cryospray System

Our Cough Cryospray System (咳嗽冷凍噴霧治療系統) is a self-developed cryoablation system for treating chronic cough. It achieves therapeutic effect by ablating visible lesions in the airway.

Our Cough Cryospray System is currently in the feasibility clinical trial phase. We expect to submit the product registration submission to the NMPA in the second half of 2027 and to obtain approval from the NMPA in the second half of 2028.

7. Tuberculosis Cryospray System

Our Tuberculosis Cryospray System (結核冷凍噴霧治療系統) is a spray cryotherapy system developed by the Company for treating tracheobronchial tuberculosis. It achieves therapeutic effect by ablating visible lesions in the airway.

Our Tuberculosis Cryospray System is currently in the feasibility clinical trial phase. We expect to submit the product registration submission to the NMPA in the second half of 2027 and to obtain approval from the NMPA in the second half of 2028.

8. Cryoadhesion System

Our Cryoadhesion System (冷凍粘連治療系統) is a cryoadhesion device used for biopsy, stenosis recanalization and foreign body retrieval. It employs subcritical refrigeration technology (亞臨界製冷技術) and heat transfer with controlled pressure technology (控壓傳熱技術) for rapid freezing and adhesion.

This product candidate consists of a disposable cryoprobe (一次性使用冷凍探頭) and an accompanying cryotherapy equipment (冷凍治療設備). During the operation, the cryoprobe is connected to the cryotherapy equipment, and the distal end of the disposable cryoprobe is brought into contact with the target tissue or foreign body under endoscopic guidance for cryoadhesion to achieve tissue biopsy, stenosis recanalization and foreign body removal.

We received marketing approval for the Cryoadhesion System in January 2024, after securing NMPA approval for the accompanying cryotherapy equipment in December 2023 and the disposable cryoprobe in January 2024. We commercialized our Cryoadhesion System in China in September 2024. We received the NMPA approval for the registration change of Disposable Cryoprobe of Cryoadhesion System in August 2025.

Cancer Intervention

1. Bladder Cryoablation System

Our Bladder Cryoablation System (膀胱冷凍消融系統) is a self-developed cryoablation system for the treatment of bladder tumors. This product employs liquid nitrogen to perform efficient cryoballoon ablation on target tissue, and similar to Bacillus Calmette-Guerin perfusion or chemotherapy, this product is indicated for use in conjunction with transurethral resection of bladder tumor surgeries to reduce tumor residuals for patients suffering from non-muscle-invasive bladder cancer.

We initiated the clinical trial for the Bladder Cryoablation System in November 2017, and received the NMPA approval for the Bladder Cryoablation System in June 2022. We commercialized our Bladder Cryoablation System in China in December 2022.

2. Gastric Cryoablation System

Our Gastric Cryoablation System (胃部冷凍消融系統) is a self-developed cryoablation system indicated for performing cryoablation on gastric tumors to treat gastric cancer.

The Gastric Cryoablation System consists of a cryotherapy equipment (冷凍治療設備) and a cryotherapy catheter (冷凍治療導管). During the procedure, the cryoablation equipment provides a stable delivery of liquid nitrogen and the catheter can pass through an electronic gastroscope into the stomach. The distal end of the catheter is connected to a pre-folded balloon, which can expand after passing through the electronic gastroscope to contact the target gastric mucosa, creating an ultra-low temperature at the balloon through the stable delivery of liquid nitrogen within the balloon to destroy target cells. When reaching the set freezing time, the system stops freezing process, and starts rewarming cycle which further destroys the target cells.

Our Gastric Cryoablation System is currently in the feasibility clinical trial phase. We expect to submit the product registration submission to the NMPA in the first half of 2027 and to obtain approval from the NMPA in the first half of 2028.

3. Esophageal Cryospray System

Our Esophageal Cryospray System (食道冷凍噴霧治療系統) is used to perform endoscopic spray cryotherapy on patients with intermediate to advanced esophagus cancer to reduce the size of the tumor, alleviate the symptoms of dysphagia and improve their quality of life.

Patients with intermediate to advanced esophagus cancer may have trouble swallowing due to esophageal stricture as a result of tumor occupancy. Our Esophageal Cryospray System can spray liquid nitrogen directly on the surface of the tumor to destroy the tumor cells, thus reducing the volume of the tumor, alleviating the patient's dysphagia, and improving the quality of life.

Our Esophageal Cryospray System is currently in the feasibility clinical trial phase. We expect to submit the product registration submission to the NMPA in the first half of 2027 and to obtain approval from the NMPA in the first half of 2028.

Non-Cryotherapy Products and Product Candidates

1. **Pulmonary Nodule Localization Needle**

Our Pulmonary Nodule Localization Needle (肺結節定位針), also known as the Disposable Pulmonary Nodule Localization Needle, is a single-use localization needle indicated for CT-guided localization of lung nodules in patients with lung nodules prior to undergoing thoracoscopic surgery. Our Pulmonary Nodule Localization Needle adopts a combination of multi-hook localization and flexible wire, which greatly reduces the risk of dislocation after localization to ensure safe and effective resection of pulmonary nodules during surgery.

Our Pulmonary Nodule Localization Needle received the NMPA registration certificate in March 2019 and was subsequently commercialized in China in May 2019, and obtained CE Marking in January 2019. We successfully renewed the NMPA registration certificate in March 2024 and our Pulmonary Nodule Localization Needle is now classified as Class II medical device by the NMPA. As at the date of this annual report there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approval for our Pulmonary Nodule Localization Needle.

2. **Endoscopic Clip for Anastomosis**

Our Endoscopic Clip for Anastomosis (內鏡吻合夾) is a self-developed anastomotic device for closure (閉合治療) of soft tissue in digestive tract. It is indicated for the closure treatment of bleeding, perforation, and tissue defects in digestive tract, and in particular, is suitable for treating perforation in gastrointestinal endoscopic surgery and endoscopic full-thickness closure (全層內鏡閉合) after NOTES. Its addressable patients primarily include the patients with acute gastrointestinal bleeding, ulcerative or medically induced perforations, or those undergoing endoscopic tissue removal procedures. This product offers various benefits, such as its large clamping scope and strong clamping force, and it is detachable to facilitate the clip removal and avoid secondary damage to the tissue. This product is one of the over-the-scope clips approved for commercialization in China.

We initiated the clinical trial for the Endoscopic Clip for Anastomosis in June 2020, and received the approval for this product in August 2022. We commercialized this product in October 2022. As at the date of this annual report there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approval for the Endoscopic Clip for Anastomosis.

3. **Laparoscopic Single Port Multi-Channel Access Platform**

Our Laparoscopic Single Port Multi-Channel Access Platform (單孔多通道腹腔鏡手術入路系統), also known as the Disposable Multi-Channel Laparoscopic Access Platform, is a self-developed system used in laparoscopic surgery as a channel for the endoscope, instruments and hands during surgery. It is applicable for single incision laparoscopic surgery, NOTES, reduced-port laparoscopic surgery, or hand-assisted laparoscopic surgery.

Our Laparoscopic Single Port Multi-Channel Access Platform received the registration certificate in February 2017 and was subsequently commercialized in China in April 2017, and obtained CE Marking in January 2019. As at the date of this annual report there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approval for our Laparoscopic Single Port Multi-Channel Access Platform.

4. **Atrial Fibrillation Pulsed Field Ablation System**

Our Atrial Fibrillation Pulsed Field Ablation System (房顫脈衝電場消融(PFA)系統) (“**AF PFA System**”) is indicated for use in the interventional treatment of paroxysmal atrial fibrillation. It destroys myocardial tissue with high voltage electrical impulses to achieve electrical isolation of the pulmonary vein vestibule, resulting in the therapeutic effect.

Our Atrial Fibrillation Pulsed Field Ablation System is currently in the feasibility clinical trial phase and is expected to be approved by the NMPA in the first half of 2029.

5. **Anti-Gastroesophageal Reflux System**

Our self-developed Anti-Gastroesophageal Reflux System (抗胃食管反流系統) is a surgical device indicated for treating gastroesophageal reflux disease (“**GERD**”) in the magnetic sphincter augmentation procedure. The magnetic sphincter augmentation procedure is designed to treat GERD by increasing the tension of the lower esophageal sphincter to achieve anti-reflux effect.

We initiated the clinical trial for the Anti-Gastroesophageal Reflux System in August 2018. We submitted the registration application for our Anti-Gastroesophageal Reflux System to the NMPA in May 2024, and received the NMPA approval for the Anti-Gastroesophageal Reflux System in December 2025.

6. **Other Non-Cryotherapy Products**

Our non-cryoablation products also include our Wound Retractor (開創保護器), Ureteral Dilation Balloon Catheter (輸尿管擴張球囊導管), Laparoscopic Biopsy Bag (腹腔鏡用活檢袋) (also known as Endoscopic Biopsy Bag), Laparoscopic Surgical Instrument (腹腔鏡手術器械), Transseptal Guiding Introducer (房間隔穿刺鞘), and Endoscopic Additional Working Channel Catheter (內窺鏡導管). They are all single-use medical consumables. As at the date of this annual report all such non-cryoablation products other than Transseptal Guiding Introducer and Endoscopic Additional Working Channel Catheter have been commercialized and there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals for these non-cryoablation products.

WE CANNOT GUARANTEE THE FUTURE PROSPECTS OF OUR PRODUCTS AND WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR OTHER PRODUCT CANDIDATES.

Research and Development

We have established a dedicated product development team led by industry experts with extensive experience in the medical device industry or in the field of engineering research and development. As of December 31, 2025, our product development team consisted of an in-house research and development team of 27 employees and a clinical operation team of 16 employees (including certain management members undertaking product development functions). We have also developed relationships with industry leaders, including scientists, physicians and industry practitioners, giving us a thorough understanding of the clinical needs and demands of patients and physicians.

We have built a comprehensive intellectual property portfolio in China and overseas to protect our technologies, including our core liquid nitrogen cryoablation technology, flexible catheter technology and other key technologies. As of December 31, 2025, we owned 180 patents and 40 patent applications in China and overseas.

Production

In 2025, we manufactured, assembled and tested our products at our production facilities located in two regions, Ningbo, Zhejiang Province and Shanghai, with a total gross floor area of over 12,800 square meters. We produce commercial products, mainly including our Core Products (as defined under the Listing Rules) as well as other commercialized products, including our Malignant Stenosis Cryoablation System and Pulmonary Nodule Localization Needle, and also produce, assemble and test sample products related to NOTES at our production facilities in Ningbo. We produce commercial products, including AF Cryoablation System, and also produce, assemble and test sample products related to vascular intervention for product development at our facility in Shanghai.

Future and Outlook

Our mission is to become a global medical device platform in the field of minimally-invasive interventional cryotherapy, bringing benefits to patients and physicians worldwide with our cryotherapy technology. We plan to implement the following strategies to achieve our goal:

- Rapidly advance the clinical development and commercialization of our product candidates;
- Further expand our product portfolio leveraging technology platforms and continue to focus on minimally-invasive interventional cryotherapy;
- Continue to research and develop various underlying and supporting technologies; and
- Selectively expand our worldwide footprint.

II. FINANCIAL REVIEW

Revenue

Our revenue increased by RMB41.8 million, or 78.0%, from RMB53.5 million for the year ended December 31, 2024 to RMB95.3 million for the year ended December 31, 2025, mainly driven by the increase in the sales volume of our respiratory intervention products, such as Malignant Stenosis Cryoablation System which was approved by the NMPA in March 2025 and the Cryoadhesion System. Besides, the distribution sales of other respiratory intervention products of BSC increased accordingly.

Cost of Sales

Our cost of sales increased from RMB15.1 million for the year ended December 31, 2024 to RMB31.3 million for the year ended December 31, 2025, which was generally in line with the increase in the sales of our commercialized products in 2025.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased from RMB38.4 million for the year ended December 31, 2024 to RMB64.0 million for the year ended December 31, 2025. Our overall gross profit margin decreased from 71.8% for the year ended December 31, 2024 to 67.2% for the year ended December 31, 2025, primarily affected by promotional activities for new products, such as Malignant Stenosis Cryoablation System, which are in the initial stage of commercialization. And also the distribution sales of other respiratory intervention products of the BSC increased, which had relatively low gross profit margin.

Other Income and Gains

Our other income and gains decreased from RMB20.7 million for the year ended December 31, 2024 to RMB1.1 million for the year ended December 31, 2025, mainly due to the decrease in net foreign exchange differences and government grants.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) staff costs for our research and development personnel; (ii) cost of materials and consumables used; (iii) share-based payments; and (iv) clinical trial fees, including payment to hospitals, contract research organizations, site management organizations, and other service providers in connection with our research and development activities. The following table sets forth a breakdown of our research and development expenses for the years indicated:

	Year Ended December 31,			
	2025		2024	
	RMB'000	%	RMB'000	%
Staff costs	19,377	63.7	37,836	51.5
Cost of materials and consumables used	3,923	12.9	16,944	23.1
Share-based payments	1,179	3.9	2,528	3.4
Clinical trial fees	2,888	9.5	9,808	13.4
Depreciation and amortization	1,251	4.1	959	1.3
Others ⁽¹⁾	1,820	5.9	5,380	7.3
Total	30,438	100	73,455	100

Note:

- (1) Primarily include intellectual property and CE certification expenses, business travel and transportation expenses incurred by our research and development staffs, animal experiment expenses and product design expenses.

Our research and development expenses decreased by RMB43.1 million, or 58.6%, from RMB73.5 million for the year ended December 31, 2024 to RMB30.4 million for the year ended December 31, 2025, primarily due to (i) the decreased in staff cost of RMB18.5 million as a result of the decrease of our research and development personnel during the Reporting Period; and (ii) following the certification of certain products, cost of materials and consumables used in and clinical trial fees paid for ongoing research and development projects decreased by RMB13.0 million and RMB6.9 million respectively.

Administrative Expenses

Our administrative expenses decreased by RMB20.5 million, or 25.2%, from RMB81.2 million for the year ended December 31, 2024 to RMB60.7 million for the year ended December 31, 2025, primarily attributed to a decrease of impairment of long-term assets and staff costs.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB2.2 million, or 15.3%, from RMB14.1 million for the year ended December 31, 2024 to RMB16.3 million for the year ended December 31, 2025, primarily due to the increased sales promotion activities with the commercialization of new products.

Finance Costs

Our finance costs increased by RMB0.9 million or 79.2% from RMB1.1 million for the year ended December 31, 2024 to RMB2.0 million for the year ended December 31, 2025, primary due to the increase in loan from related parties.

Income Tax Expenses

Our principal applicable taxes and tax rates are set forth as follows:

Chinese mainland

Pursuant to the Corporate Income Tax Law of the PRC (the “**CIT Law**”), the Company and our PRC subsidiaries are subject to a standard corporate income tax rate of 25% on taxable income, except that Ningbo SensCure was qualified as a “High and New Technology Enterprise” to enjoy a preferential income tax rate of 15% during the Reporting Period. The related tax authorities review the “High and New Technology Enterprise” status every three years. Ningbo SensCure has been qualified and will continue to qualify as a “High and New Technology Enterprise” for three years starting from 2024.

United States

Among our subsidiaries, Cryofocus America, Inc. was incorporated in California, the U.S. and was subject to statutory U.S. federal corporate income tax at a rate of 21% during the Reporting Period. It is also subject to the state income tax in California during the Reporting Period. No provision for federal corporate income tax and the state income tax have been provided as the subsidiary has no estimated assessable profits.

Our Directors confirm that during the Reporting Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions and we are not aware of any outstanding or potential disputes with such tax authorities.

Loss for the Year

As a result of the foregoing, our loss for the year decreased from RMB111.3 million for the year ended December 31, 2024 to RMB44.5 million for the year ended December 31, 2025.

Liquidity and Financial Resources

Our primary use of cash is to fund the development of our product candidates, clinical trials, payment for the purchase of plant and equipment, administrative expenses and other recurring expenses. Our cash and cash equivalents decreased by RMB10.5 million, or 22.9%, from RMB45.5 million as of December 31, 2024 to RMB35.0 million as of December 31, 2025. The decrease was mainly due to:

For the year ended December 31, 2025, our net cash used in operating activities was RMB5.8 million, primarily because we incurred research and development expenses and administrative expenses incurred by the Group during the Reporting Period. Our operating cash flow will continue to be affected by our research and development expenses.

For the year ended December 31, 2025, our net cash used in investing activities was RMB0.8 million, primarily attributable to the purchase of property, plant and equipment items of RMB0.8 million.

For the year ended December 31, 2025, our net cash used in financing activities was RMB3.3 million, primarily attributable to the repayment of bank loans during the Reporting Period.

During the Reporting Period, we mainly relied on cash generated from our sales revenue of existing commercialized products as the main source of liquidity. Our management closely monitors the utilization of cash and cash balances and strives to maintain healthy liquidity for our business. Going forward, we believe that our liquidity requirements will be satisfied with cash generated from our operations and other financing activities.

Capital Expenditures

We regularly incur capital expenditures to expand and enhance our research and development facilities, establish our manufacturing capacities and increase our operating efficiency. Our capital expenditures primarily consisted of expenditures on machinery, office equipment, as well as leasehold improvements during the Reporting Period. The following table sets forth our capital expenditures for the years indicated:

	Year Ended December 31,	
	2025 RMB'000	2024 RMB'000
Purchases of items of property, plant and equipment	770	1,880

We expect to incur capital expenditures in the next five years primarily for purchase of equipment and the construction of our manufacturing facilities. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

Indebtedness

The following table sets forth the components of our indebtedness as of the years indicated:

	As of December 31,	
	2025 RMB'000	2024 RMB'000
Lease liabilities		
Current	9,351	5,604
Non-current	3,719	7,720
Total	13,070	13,324

As of December 31, 2025, the Group had total bank loans of RMB13.1 million denominated in RMB at fixed annual interest rate. The annual interest rate of RMB3.1 million is 2.8%, and the rest amount is 3.5%. As of December 31, 2025, the Group had total banking facilities of RMB23.9 million, of which RMB2.0 million were utilized and approximately RMB21.9 million remained unutilized.

Key Financial Ratios

The following table sets forth the key financial ratios as at the dates indicated:

	As of December 31,	
	2025	2024
Current ratio ⁽¹⁾	1.5	1.6
Quick ratio ⁽²⁾	1.0	1.1
Gearing ratio ⁽³⁾	64.7%	47.1%

Notes:

- (1) Current ratio is calculated based on total current assets divided by total current liabilities.
- (2) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.
- (3) Gearing ratio is calculated based on total liabilities divided by total assets and multiplied by 100%.

Capital Commitments

The Group had the following capital commitments as at the dates indicated:

	As of December 31,	
	2025 RMB'000	2024 RMB'000
Contracted, but not provided for: Plant and machinery	275	545

Pledge of Assets

As of December 31, 2025, the Group's building with a net carrying amount of approximately RMB11.3 million were pledged to secure certain of bank borrowings.

Contingent Liabilities

As of December 31, 2025, the Group did not have any material contingent liabilities, guarantees or any litigation or claims of material importance, pending or threatened against any of its member.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures during the Reporting Period

The Group did not make any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Foreign Exchange Exposure

We are exposed to foreign currency risk mainly arising from cash and cash equivalents which are denominated in Renminbi, USD and HKD. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this annual report the Group had not authorized any plan for any material investments or acquisitions of capital asset as of the date of this annual report.

Human Resources

As of December 31, 2025, the Group had 174 (2024: 276) full-time employees, and substantially all of them were based in China. The total employee benefits expenses of the Group, which consist of (i) terms, wages, salaries and bonuses, (ii) social security costs and (iii) equity-settled share options, for the year ended December 31, 2025 were approximately RMB74.3 million. We recruit our employees after consideration of a number of factors, including our needs and expansion plans, and the candidates' work experience and educational background. We invest in continuing training programs for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. We also assess our employees based on their performance to determine their salary, promotion and career development. In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters including terms, wages, bonuses, employee benefits, and grounds for termination. In addition, we are required under PRC law to make contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurances) and housing funds at a certain percentage of our employees' salaries, including bonus and allowances, up to a maximum amount specified by the local government.

III. FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the Reporting Period (2024: Nil).

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. LI Kejian (李克儉), aged 57, joined our Group in March 2013 and has served as the chairperson of our Board and a Director since then. He was re-designated as an executive Director on December 28, 2021. He is responsible for overall management, business, and strategy of our Group and oversight of the commercial suitability and sustainability of our Group.

Mr. Li has more than 13 years of experience in the investment and medical device industries. From September 1990 to December 2006, Mr. Li was a technician at Hanchuan Machine Tool Co., Ltd. (漢川機床有限責任公司), a company principally engaged in the R&D and manufacturing of machine tools, machine tool components, and high-tech electromechanical products. Since November 2010, he has been a director of Beijing Boruilai Technology Investment Co., Ltd (北京博瑞萊科技投資有限公司), a company principally engaged in project investment with a focus on power and electrical equipment, energy and environmental protection sectors, where he has participated in investment decisions. Since May 2014, he has served as the deputy general manager of Shanghai Shidi, one of our Controlling Shareholders, where he has been primarily responsible for the Company's administration and human resources management, as well as participating in the Company's investment decisions.

Mr. Li graduated in electrical engineering from State-Operated Hanchuan Machine Tool and Technician School (國營漢川機床廠技工學校) in Hanzhong in September 1990.

Mr. Li is the brother of Ms. Li, one of our Controlling Shareholders.

Mr. ZHU Jun (朱軍), aged 52, joined our Group in May 2019 as a director and the chief executive officer of Ningbo SensCure and has served as the general manager of our Company since October 2020. He was appointed as a Director in January 2021 and was re-designated as an executive Director on December 28, 2021. He is primarily responsible for the daily operations of our Group. He is currently a director of our subsidiaries, Ningbo SensCure, Beijifeng Biotechnology (Shanghai) Co., Ltd. (北極豐生物科技(上海)有限公司) ("Beijifeng Biotechnology"), Huifeng Biotechnology (Shanghai) Co., Ltd. (輝豐生物科技(上海)有限公司) ("Huifeng Biotechnology") and Jdefeng Medtech (Shanghai) Co., Ltd. (迦德豐生物科技(上海)有限公司) ("Jdefeng Medtech").

Mr. Zhu has more than 21 years of experience in the medical industry. From July 1997 to August 2001, he was a resident doctor at Affiliated Hospital of Nantong University (南通大學附屬醫院), primarily responsible for clinical diagnoses and treatments. From July 2004 to June 2017, he was a deputy general manager at Erbe China Ltd. (愛爾博(上海)醫療器械有限公司), a company principally engaged in promotion and sale of medical devices, where he was primarily responsible for nationwide marketing and sales, scientific research, and trainings. From February 2018 to September 2020, Mr. Zhu was an investment partner at Hangzhou Proxima Innovative Investment L.P. (Limited Partnership) (杭州比鄰星創新投資合夥企業(有限合夥)), a company principally engaged in investment in medical fields, where he was involved in research and analyses of medical devices.

Mr. Zhu graduated in clinical medicine from Nanjing Medical University (南京醫科大學) in Nanjing in July 1997. He further obtained his master's degree in clinical medicine from the Shanghai Medical College of Fudan University (復旦大學上海醫學院) in Shanghai in June 2004.

Directors and Senior Management

Mr. LIU Wei (劉偉), aged 36, has joined the Group as the chief financial officer of the Company and the Board secretary since October 2020. He is primarily responsible for financial planning of the Group, investor relations and providing support to the Board. Mr. Liu is also currently a director of the Company's subsidiaries, Beijifeng Biotechnology, Huifeng Biotechnology and Jdefeng Medtech, and a joint company secretary of the Company. Mr. Liu appointed as an executive Director on June 16, 2023.

Mr. Liu has approximately 10 years of experience in audit. Prior to joining the Group, from October 2012 to September 2020, he worked as an audit project manager at the Shanghai branch of Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)), where he was primarily responsible for financial audit of listed companies and multinational corporations.

Mr. Liu obtained his bachelor's degree in international accounting from Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院) (previously known as Shanghai Lixin University of Commerce (上海立信會計學院)) in Shanghai in July 2012. He is currently a non-practicing member of the Chinese Institute of Certificated Public Accountants (中國註冊會計師協會).

Non-executive Directors

Mr. LV Shiwen (呂世文), aged 57, has joined our Group since July 2014 as a Director and was re-designated as a non-executive Director on December 28, 2021. He is responsible for decision-making in respect of major matters such as overall strategies. He is also currently a director of Ningbo SensCure.

Mr. Lv has more than 22 years of experience in the medical device industry, especially in the R&D and production of medical devices. From July 1993 to April 1998, Mr. Lv was the deputy director of the research department and the management department of Shanghai Navigation Instrument General Factory (上海航海儀器總廠), a company specializing in marine, communication and navigation equipment, where he was primarily responsible for the R&D of navigation instrument technologies and quality management of the production department. From May 1998 to February 2000, he was a quality manager at Shanghai CIMC Generating Set Co., Ltd. (上海中集內燃機發電設備有限公司), a company principally engaged in the production of special internal combustion power generation equipment and diesel water pump units, where he was primarily responsible for quality management of the production department. From May 2000 to November 2001, Mr. Lv served as a manager of the quality control department and production department of MicroPort Medical (Shanghai) Co., Ltd. (微創醫療器械(上海)有限公司), a company principally engaged in the R&D, manufacturing and sales of cardiovascular interventional medical devices and a wholly-owned subsidiary of MicroPort Scientific Corporation (a company listed on the Stock Exchange; stock code: 853). From December 2001 to December 2002, he was the director of operations at Weike Medical Devices (Suzhou) Co., Ltd. (維科醫療器械(蘇州)有限公司), a company principally engaged in the R&D, manufacturing and sales of cardiovascular interventional medical devices, where he was primarily responsible for the R&D, quality control, and production management. Mr. Lv then served as the vice general manager of LifeTech Scientific (Shenzhen) Co., Ltd. (先健科技(深圳)有限公司), a company principally engaged in the R&D, manufacturing and sales of cardiovascular interventional medical devices and a wholly-owned subsidiary of LifeTech Scientific Corporation (a company listed on the Stock Exchange; stock code: 1302) from January 2003 to February 2009. From March 2009 to December 2011, Mr. Lv served as the general manager of Beijing Puhui Biomedical Engineering Co., Ltd. (北京市普惠生物醫學工程有限公司), a company principally engaged in the development, manufacturing and sales of biological valves.

Besides, Mr. Lv also holds directorships and senior management positions in certain close associates of our Controlling Shareholders (other than our Group). Since January 2013, Mr. Lv has successively served as the chief technology officer, a director and the chief executive officer of Jenscare Scientific Co., Ltd. (寧波健世科技股份有限公司) (“**Jenscare**”), a company principally engaged in the development of interventional products for the treatment of structural heart diseases. He is currently an executive director, the chairman of the board of directors, the chief executive officer and the chief technology officer of Jenscare, primarily responsible for the overall management of business operation, strategy and corporate development of the Company and its subsidiaries. Since October 2014, he has also been an executive director of Ningbo Dixiang Venture Capital Co., Ltd. (寧波迪翔創業投資有限公司) (formerly known as Ningbo Dixiang Medical Technology Co., Ltd. (寧波迪翔醫療科技有限公司)) an investment holding company with a focus on the life sciences and healthcare industries. Further, since July 2018, he has been a non-executive director of Ningbo Hicren Biotechnology Co., Ltd. (寧波華科潤生物科技有限公司), a company principally engaged in the R&D, manufacturing and sales of medical devices used for vertebroplasty.

Mr. Lv obtained his bachelor’s degree in machinery manufacturing and equipment from Harbin Engineering University (哈爾濱工程大學) (formerly known as Harbin Shipbuilding Engineering Institute (哈爾濱船舶工程學院) in Harbin in July 1993. Mr. Lv is currently a member of Zhejiang Pharmaceutical Society Medical Device Expert Committee (浙江省藥學會醫療器械專家委員會) and a mentor of the Center for China Cardiovascular Innovations (中國心血管醫生創新學院).

Mr. ZHAO Chunsheng (趙春生), aged 54, has joined our Group since June 2021 as a Director and was re-designated as a non-executive Director on December 28, 2021. He is primarily responsible for decision-making in respect of major matters such as overall strategies.

Mr. Zhao has more than 25 years of experience in the medical device industry. From April 1999 to July 2020, he was the deputy general manager and general manager at Shanghai Medical Instrument (Group) Co., Ltd. (上海醫療器械(集團)有限公司), a company specializing in X-ray, surgical instruments, disinfection equipment and sanitary materials, where he was primarily responsible for formulation of strategies and operational management of the Company. From June 2009 to June 2012, Mr. Zhao served as a director of Beijing Wandong Medical Technology Co., Ltd. (北京萬東醫療科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600055) and principally engaged in the R&D and manufacturing of imaging medical devices, where he was primarily responsible for formulating strategies for the Company.

Besides, Mr. Zhao also holds directorships and senior management positions in Ningbo Linfeng, one of our Controlling Shareholders, and certain close associates of our Controlling Shareholders (other than our Group). Mr. Zhao has been an executive director of Ningbo Naruinode Medical Technology Co., Ltd. (寧波納睿諾德醫療科技有限公司) (a company principally engaged in the R&D, manufacturing and sales of radiation imaging devices such as static computerized tomography (CT)) since December 2020, Dalian Qikexing Medical Instrument Co., Ltd. (大連七顆星醫療器械有限公司) (a company principally engaged in the R&D, manufacturing and sales of medical devices used in neurosurgical procedures) since March 2021, Ningbo Huifeng Biotechnology Co., Ltd. (寧波慧豐生物科技有限公司) (a company principally engaged in the R&D, manufacturing and sales of medical devices used in neurosurgical procedures) since June 2021 and Shanghai Pannuoxi Medical Technology Co., Ltd. (上海潘諾西醫療科技有限公司) (a company principally engaged in the R&D, manufacturing and sales of medical modeling products and personalized implant materials) since November 2021. Since October 2021, he has been the general manager of Ningbo Linfeng, where he has been primarily responsible for operational management. Since January 2022, he has been a non-executive director and the board chairman of Ningbo Dize Biotechnology Co., Ltd. (寧波迪澤生物科技有限公司) a company principally engaged in the R&D, manufacturing and sales of passive medical devices used in treating arteriosclerosis associated with coronary heart diseases.

Directors and Senior Management

Mr. Zhao obtained his master's degree in vehicle engineering and inspection from Jilin University of Technology (吉林工業大學) in Jilin in March 1999. He also obtained his master's degree in business management from Shanghai Jiao Tong University (上海交通大學) in Shanghai in March 2003. Mr. Zhao has also been certified as an engineer by Shanghai Pharmaceutical Group Co., Ltd. (上海醫藥(集團)有限公司) since December 2002.

Independent Non-executive Directors

Dr. GAO Dayong (高大勇), aged 67, was appointed as our independent non-executive Director on December 2, 2021 with his appointment taking effect upon Listing. He is responsible for providing independent advice and judgment to our Board.

Dr. Gao has more than 25 years of experience in teaching and scientific research. He was a senior research scientist at Cryobiology Research Institute of the Methodist Hospital of Indiana, primarily responsible for participating in and leading scientific research, as well as development of new technologies and applications. Dr. Gao was a tenured full professor from January 1998 to June 2004 and has been the Baxter Healthcare Chair of Engineering since July 2004 at the Department of Mechanical Engineering and Center for Biomedical Engineering at the University of Kentucky, primarily responsible for teaching, scientific research, and technology transformation. He has also been the tenured full professor of the Department of Mechanical Engineering and Department of Bioengineering since September 2004 and the ORIGINCELL Endowed Professor since July 2019 at the University of Washington, primarily responsible for teaching, scientific research and technology transformation.

Dr. Gao obtained his bachelor's degree in modern mechanics from the University of Science and Technology of China (中國科學技術大學) in Hefei in February 1982. He further obtained his doctor's degree in mechanical engineering and biomedical engineering from Concordia University in Montreal in May 1991.

Mr. LIANG Hsien Tse Joseph (梁顯治), aged 71, was appointed as our independent non-executive Director on December 2, 2021 with his appointment taking effect upon Listing. He is responsible for providing independent advice and judgment to our Board.

Mr. Liang has more than 16 years of experience in teaching and financial management. From August 2001 to August 2003, he was the financial controller of Skyworth Digital Holdings Ltd (創維數碼控股有限公司), a company listed on the Stock Exchange (stock code: 751) principally engaged in the manufacturing and sale of TV sets, DVDs and related products. Since February 2009, he has been an associate professor at Beijing Normal University-Hong Kong Baptist University United International College (北京師範大學－香港浸會大學聯合國際學院). From October 2009 to September 2011, he was the managing director of financial planning and development at Beijing Normal University-Hong Kong Baptist University United International College (北京師範大學－香港浸會大學聯合國際學院). From October 2011 to November 2013, he worked at Total Wireless Solutions (Macao Commercial Offshore) Limited (明美製品(澳門離岸商業服務)有限公司), where he was responsible for financial matters of the Company, and he served as an executive vice president of the finance department from October 2011 to July 2013.

Besides, from October 2011 to November 2025, Mr. Liang has been an independent non-executive director of LifeTech Scientific Corporation (先健科技公司), a company listed on the Stock Exchange (stock code: 1302) and principally engaged in the manufacturing and marketing of minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. From February 2013 to February 2025, he has been an independent non-executive director of North Asia Strategic Holdings Ltd (北亞策略控股有限公司), a company listed on the Stock Exchange (stock code: 8080) and principally engaged in investments in high-tech product related businesses.

Mr. Liang obtained a diploma in business management licensing from Hong Kong Baptist College (香港浸會學院) in Hong Kong in December 1977. He obtained his master's degree in professional accounting from the University of Texas at Austin (美國德克薩斯大學奧斯丁學院) in Austin in June 1981. He further obtained his bachelor's degree in language and translation through long distance learning courses from The Open University of Hong Kong (香港公開大學) in Hong Kong in December 2007. Mr. Liang is currently a fellow of the Association of Chartered Certified Accountants (ACCA) (特許公認會計師公會) (formerly known as the Chartered Association of Certified Accountants), an associate of the Hong Kong Institute of Certified Public Accountants (香港會計師公會) (formerly known as the Hong Kong Society of Accountants), and a fellow member of the Texas Society of Certified Public Accountants.

Dr. QIN Zheng (覃正), aged 68, was appointed as our independent non-executive Director on December 2, 2021 with his appointment taking effect upon Listing. He is responsible for providing independent advice and judgment to our Board.

Dr. Qin has years of experience in teaching and academic research in areas including enterprise management and risk management. Dr. Qin was a doctoral adviser and professor at the School of Management of Xi'an Jiaotong University (西安交通大學) in Shaanxi. He was also a doctoral adviser and professor at the School of Information Management and Engineering of the Shanghai University of Finance and Economics (上海財經大學). He is also the founding vice principal of and currently a doctoral adviser and professor of the Southern University of Science and Technology (南方科技大學). Further, Dr. Qin has also taken up various research projects and published various journals covering areas such as enterprise management and risk management.

Dr. Qin was an independent non-executive director of the Shanghai Dongzheng Automotive Finance Co., Ltd. (上海東正汽車金融股份有限公司), a company listed on the Stock Exchange (stock code: 2718) and principally engaged in the automotive loan business from August 2022 to April 2024.

Dr. Qin obtained his master's degree in engineering from Xidian University (西安電子科技大學) in Shaanxi in March 1991. He further obtained his doctor's degree in mechanical manufacturing from Xidian University (西安電子科技大學) in July 1994.

Dr. HU Henan (胡赫男), aged 38, was appointed as our independent non-executive Director on November 5, 2022 with her appointment taking effect upon Listing. She is responsible for providing independent advice and judgment to our Board.

Dr. Hu has more than eight years of experience in law and teaching. From December 2014 to November 2023, she was a supervisor of Guangzhou Yunsu Technology Co., Ltd. (廣州雲溯科技有限公司), a company principally engaged in provision of software and information technology services. From August 2016 to January 2017, she was an assistant professor at Xiamen University (廈門大學), where she was primarily responsible for teaching and research. Since July 2017, Dr. Hu has been a lecturer and then an associate professor at South China University of Technology (華南理工大學), where she has been primarily responsible for teaching and research. From November 2018 to August 2023, she has been a supervisor of Guangzhou Cloud Stack Technology Co., Ltd. (廣州雲棧科技有限公司), a company principally engaged in provision of software and information technology services.

Dr. Hu obtained her bachelor's degree in law from the China University of Political Science and Law (中國政法大學) in Beijing in July 2009. She further obtained her master's degree in law from the University of Hong Kong (香港大學) in Hong Kong in November 2010 and her doctor's degree in law from the University of Hong Kong (香港大學) in Hong Kong in December 2016. She also obtained her legal profession qualification (法律職業資格) from the Ministry of Justice of the PRC (中華人民共和國司法部) in March 2010.

SENIOR MANAGEMENT

Mr. ZHU Jun (朱軍), aged 52, is our executive Director and general manager. For further details, please see the paragraphs headed “Directors and Senior Management – Directors – Executive Directors” in this section.

Mr. LIU Wei (劉偉), aged 36, is our executive Director, chief financial officer, Board secretary and joint company secretary. For further details, please see the paragraphs headed “Directors and Senior Management – Directors – Executive Directors” in this section.

Mr. Thach Buu DUONG, aged 58, joined our Group in March 2013. Between March 2013 and September 2020, he successively served as a director of R&D and a general manager of our Company. He is currently the deputy general manager of our Company and is primarily responsible for overseeing the operations of Cryofocus America Inc., our wholly-owned subsidiary. He is also currently a director of Cryofocus America Inc..

Mr. Duong has more than 25 years of experience in engineering. Prior to joining our Group, from December 1992 to August 1996, he successively served as a design engineer and a project engineer at Able Corporation. From August 1996 to June 1998, he was a design engineer at Parker Hannifin Corporation (formerly known as Parker Appliance Company), a company listed on the New York Stock Exchange (stock symbol: PH) and principally engaged in the design and manufacturing of flight control systems. From July 1998 to December 2000, he was a project engineer at Robertshaw Controls Company, a company principally engaged in the design and manufacturing of controls for commercial and home appliances. From December 2000 to July 2001, he was a senior mechanical engineer at Newport Corporation, a company principally engaged in the design and manufacturing of fiber optic laser welders and a wholly-owned subsidiary of MKS Instruments, Inc., which is listed on the NASDAQ Stock Exchange (stock symbol: MKSI). From September 2001 to February 2010, he was a manager at the mechanical engineering department at Endocare Inc., a company specializing in cryoablation for tumors. From July 2010 to February 2012, he was a mechanical engineering department manager at Nearfield Systems Inc., a company principally engaged in the design and manufacturing of antenna measurement systems and software.

Mr. Duong obtained his bachelor of science in mechanical engineering from California State University of Long Beach in California in December 1992. He has also obtained his professional engineer license in mechanical engineering from the State Board of Registration for Professional Engineers and Land Surveyors in the State of California since February 1997.

Dr. ZHAO Kuiwen (趙奎文), aged 42, joined our Group in September 2017 as an R&D engineering supervisor, and has served as a technical director and R&D manager of our Company since March 2019. He is primarily responsible for the R&D activities of our Group.

Prior to joining our Group, from September 2015 to September 2017, Dr. Zhao worked as a post-doctoral research fellow at Shanghai Jiao Tong University (上海交通大學), primarily responsible for carrying out post-doctoral research.

Dr. Zhao obtained his bachelor's degree in thermal energy and kinetic engineering from Shandong University of Science and Technology (山東科技大學) in Shandong in June 2006 and his master's degree in refrigeration and cryogenic engineering from the University of Shanghai for Science and Technology (上海理工大學) in Shanghai in March 2009. He further obtained his doctor's degree in engineering thermophysics from Shanghai Jiao Tong University (上海交通大學) in Shanghai in September 2015. Dr. Zhao has been a member of the Interventional Medicine Engineering Professional Committee (介入醫學工程專業委員會委員) of the Shanghai Society of Biomedical Engineering (上海市生物醫學工程學會) since September 2020.

Dr. QU Jihong (瞿紀洪), aged 62, has joined our Group as our chief medical officer since March 2022. He is primarily responsible for formulating strategies in respect of matters including product application, technology deployment, entry into overseas markets and introduction of international innovative products.

Dr. Qu has years of experience in research in areas including cardiac electrophysiology and heart diseases and the medical device industry. Prior to joining our Group, he was a research assistant at the Department of Physiology and Biophysics of the University of Sherbrooke, primarily responsible for participating in cardiac electrophysiology research projects and assisting in the management of preclinical research laboratories, and a postdoctoral scientist at Columbia University, primarily responsible for leading and conducting research projects relating to treatment of heart diseases through emerging biotechnologies, including stem cell and gene therapy technologies. Dr. Qu further worked at Guidant Corporation, a company principally engaged in the design, development, manufacturing, and sales of medical devices for treatment of vascular diseases, where he was primarily responsible for research projects on the application of biotechnology to medical devices and innovative therapies with the use of biotechnology. From December 2014 to November 2017, Dr. Qu was the director of clinical affairs at Abbott Medical (Shanghai) Co., Ltd. (formerly known as St. Jude Medical (Shanghai) Co., Ltd.), a company principally engaged in the design, development, manufacturing, and sales of medical devices for treatment of heart diseases, where he was primarily responsible for formulation of strategies on and execution of clinical affairs in Asia. From December 2017 to March 2019, he was a vice president of clinical and regulatory registration affairs at Peijia Medical Limited (沛嘉醫療有限公司), a company listed on the Stock Exchange (stock code: 9996) and principally engaged in the research and development of transcatheter valve therapeutic and neurointerventional medical devices, where he was primarily responsible for regulatory registration affairs. From April 2019 to June 2020, he was a vice president of medical, clinical and regulatory affairs at Boston Scientific Corporation, a company listed on the New York Stock Exchange (stock symbol: BSX) and principally engaged in the manufacturing and sales of medical devices used in interventional medical specialties, where he was involved in medical, clinical and regulatory affairs. From October 2020 to February 2022, he was the chief medical officer at Genesis Medtech Group (健適醫療科技集團), a company principally engaged in the R&D, manufacturing and sales of surgical and vascular interventional medical devices, where he was primarily responsible for formulating strategies on medical applications and technology deployment.

Dr. Qu obtained his bachelor's degree in biomedical engineering from Shanghai Jiao Tong University in Shanghai (上海交通大學) in July 1986 and his master's degree in biomedical engineering from the Shanghai Medical College of Fudan University (復旦大學上海醫學院) (formerly known as Shanghai Medical University (上海醫科大學)) in Shanghai in July 1989. He obtained his doctor's degree in science from University of Sherbrooke in Quebec in December 1996. Further, Dr. Qu obtained his master's degree in business administration from the Carlson School of Management of the University of Minnesota in Minneapolis in July 2008.

Mr. CHEN Zhimin (陳智敏), aged 42, joined our Group in May 2014. Since May 2014, he has successively held various positions in our Group, including an R&D engineer, R&D manager, R&D supervisor and R&D director, and is currently an executive vice president of Ningbo SensCure, our wholly-owned subsidiary. He is also currently a director and the general manager of our subsidiaries, Shanghai SensCure Biotechnology Co., Ltd. (上海勝杰康生物科技有限公司) and Ningbo Shengjielong Medical Equipment Co., Ltd. (寧波勝杰隆醫療器材有限公司). He is primarily responsible for the daily operations and overall management of the aforementioned subsidiaries.

Mr. Chen has more than 15 years of experience in engineering. Prior to joining our Group, from July 2008 to June 2009, he was an R&D engineer at Shenzhen Sullair Asia Industrial Co., Ltd. (深圳壽力亞洲實業有限公司), a company principally engaged in the manufacturing and sales of air compressors, vacuum pumps and related products, where he was primarily responsible for the R&D, assembly, testing and manufacturing of air compressor equipment, prototypes and related parts. From January 2010 to May 2014, he was an R&D engineer at Ningbo Pangeo Machinery Industries Ltd. (寧波磐吉奧機械工業有限公司), a company principally engaged in the manufacturing and sales of car parts, where he was primarily responsible for the new project development, as well as formulation and improvement of processes.

Mr. Chen obtained his bachelor's degree in mechanical design, manufacturing, and automation from Huazhong University of Science and Technology (華中科技大學) in Wuhan in June 2006. He further obtained his master's degree in mechanical design and theory from Huazhong University of Science and Technology (華中科技大學) in Wuhan in June 2008.

JOINT COMPANY SECRETARIES

Mr. LIU Wei (劉偉), aged 36, was appointed as a joint company secretary of our Company on December 28, 2021. Mr. Liu is also an executive director, chief financial officer and Board secretary of our Company. For further details, please see the paragraphs headed "Directors and Senior Management – Directors – Executive Directors" in this section.

Ms. LEUNG Wai Yan (梁慧欣), was appointed as a joint company secretary of our Company on December 28, 2021. Ms. Leung currently serves as a manager of corporate services of Vistra Corporate Services (HK) Limited. She has over 18 years of experience in providing company secretarial services and compliance services to listed companies and private companies.

Ms. Leung obtained a master of laws majoring in corporate and financial law from The University of Hong Kong and a bachelor's degree in business (administrative management) from the University of South Australia.

Ms. Leung has been an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and an associate member of The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom since October 2009.

CHANGES IN DIRECTORS' INFORMATION

Saved as disclosed in this annual report, the Company is not aware of any changes in Directors' information that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Corporate Governance Report

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

COMPANY'S CULTURE

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfill its role as a responsible corporate citizen.

Company continued to strengthen its cultural framework by focusing on the following:

- Vision: building a world-leading platform for minimally-invasive cryotherapy
- Mission: Specialize in development of cryoablation technology with commitment to research and development of innovative life science technology in China
- Values: Focus, precision, integration and innovation

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board always ensures that the objectives, values and strategies set are consistent with the corporate culture, while all directors take the lead to act and are committed to promoting the corporate culture. For details of the Company's performance during the Reporting Period, please see the section headed "Management Discussion and Analysis". The Board believes that the Company's existing business model is in line with the Company's objective and long-term strategy.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

CORPORATE GOVERNANCE PRACTICES

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has applied the principles of the CG Code and adopted the code provisions set out in part 2 of the CG Code as its own code to govern its corporate governance practices.

The Company regularly reviews its compliance with the CG Code and the Company was in compliance with all code provisions set out in the CG Code throughout the Reporting Period.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Throughout the Reporting Period and up to the date of this annual report, Mr. LI Kejian acted as the chairman of the Board and Mr. ZHU Jun acted as the general manager (equivalent to chief executive officer) of the Company.

The Board and the senior management, which collectively comprise experienced and high caliber, individuals can ensure the balance of power and authority. As at the date of this annual report, the Board comprises three executive Directors, two non-executive Directors and four independent non-executive Directors. There is no relationship (including financial, business, family or other material or connected relationship) among the Board members.

DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors, Supervisors (with respect to their respective service period) and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

Upon specific enquiries, all Directors and Supervisors (with respect to their respective service period) confirmed that they have complied with the Model Code throughout the Reporting Period and during the respective terms of office of the Supervisors (with respect to their respective service period). In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group throughout the Reporting Period.

BOARD OF DIRECTORS

As of the date of this annual report, the Board comprises three executive Directors, two non-executive Directors, and four independent non-executive Directors.

Executive Directors

Mr. LI Kejian (*Chairperson*)

Mr. ZHU Jun (*General manager*)

Mr. LIU Wei (*Chief financial officer, Board secretary and joint company secretary*)

Non-executive Directors

Mr. LV Shiwen

Mr. ZHAO Chunsheng

Independent Non-executive Directors

Dr. GAO Dayong

Mr. LIANG Hsien Tse Joseph

Dr. QIN Zheng

Dr. HU Henan

BOARD MEETINGS AND COMMITTEE MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. The chairperson of the Board should at least annually hold meetings with independent non-executive Directors without presence of other Directors. Both the Nomination Committee and the Remuneration Committee shall meet at least once every year; and the Audit Committee shall meet at least twice a year. Notices of not less than fourteen days are given for all Board and committee meetings to provide all Directors or committee members with an opportunity to attend and include matters in the agenda for a regular meeting. The agenda and accompanying board papers are dispatched to the Directors or committee members at least three days before the intended date of the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairperson of the board or the committee members prior to the meeting.

Minutes of the Board meetings and committee meetings record in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Board or committee members and dissenting views expressed. Draft and final minutes of each Board meeting and committee meeting are sent to the relevant board or committee members for comments and records, respectively, within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by Directors.

During the year ended December 31, 2025, four Board meetings were held and the chairperson of the Board held a meeting with independent non-executive Directors without presence of other Directors.

A summary of the attendance record of the Directors at Board meetings and committee meetings is set out in the following table below:

Name of Director	Number of meeting(s) attended/number of meeting(s) held for the year ended December 31, 2025			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors:				
Mr. LI Kejian	4/4	N/A	1/1	1/1
Mr. ZHU Jun	4/4	N/A	N/A	N/A
Mr. LIU Wei	4/4	N/A	N/A	N/A
Non-executive Directors:				
Mr. LV Shiwen	4/4	N/A	N/A	N/A
Mr. ZHAO Chunsheng	4/4	3/3	N/A	N/A
Independent Non-executive Directors:				
Dr. GAO Dayong	4/4	N/A	N/A	N/A
Mr. LIANG Hsien Tse Joseph	4/4	3/3	1/1	N/A
Dr. QIN Zheng	4/4	3/3	1/1	1/1
Dr. HU Henan	4/4	N/A	N/A	1/1

None of the Board or committee meetings were attended by an alternate of the Directors.

GENERAL MEETINGS

During the year ended December 31, 2025, two general meetings (i.e. the 2024 annual general meeting and the 2025 first extraordinary general meeting) of the Company were held.

A summary of the attendance record of the Directors at the general meetings are set out in the following table:

Name of Director	Number of meeting(s) attended/number of meeting(s) held for the year ended December 31, 2025
Executive Directors:	
Mr. LI Kejian	2/2
Mr. ZHU Jun	2/2
Mr. LIU Wei	2/2
Non-executive Directors:	
Mr. LV Shiwen	2/2
Mr. ZHAO Chunsheng	2/2
Independent Non-executive Directors:	
Dr. GAO Dayong	2/2
Mr. LIANG Hsien Tse Joseph	2/2
Dr. QIN Zheng	2/2
Dr. HU Henan	2/2

CONFIRMATION OF INDEPENDENCE BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written annual confirmations from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Throughout the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract with the Company which contains provisions in relation to, among other things, compliance with relevant laws and regulations, observance of the Articles of Association and provisions on arbitration.

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

Pursuant to the Articles of Association, the Directors are elected and appointed by the Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment. The terms of office of non-executive Directors shall be three years and renewable upon re-election. The terms of office of independent non-executive Directors shall be three years, renewable upon re-election, but shall not exceed nine years. Any new director appointed to fill a casual vacancy to the Board shall only hold office until the first annual general meeting of the Company after acceptance of the appointment and shall be eligible for re-election by the Shareholders at the next following annual general meeting of the Company after appointment.

The Company may, in accordance with the Articles of Association, by an ordinary resolution, remove any Director before the expiration of his/her term of office. The removal may not affect any claim of the Director for damages that may be made pursuant to any contract.

Where vacancies on the Board exist, the Nomination Committee evaluates skills, knowledge and experience required by the Board, and identifies if there are any special requirements for the vacancy. The Nomination Committee identifies appropriate candidates and convenes Nomination Committee meeting to discuss and vote in respect of the nominated Directors and recommends candidates for Directors to the Board.

The Nomination Committee considers candidates with individual skills, experience and professional knowledge that can best assist and facilitate the effectiveness of the Board.

The Nomination Committee takes the policy on Board diversity of the Company into consideration when it considers the balance of composition of the Board as a whole.

The Company has a director nomination policy. When evaluating and determining the candidates of Directors, the Nomination Committee and the Board of Directors shall consider the following factors: personal characters, professional qualifications, skills, knowledge, and experience related to the Group's business and strategy; willingness to devote sufficient time to fulfill the duties of the Directors and members of the special committees of the Board of Directors; whether their appointment is in compliance with the requirements of the Listing Rules (including the independence requirements of independent non-executive Directors); whether their appointment is in compliance with the Company's Board diversity policy and any measurable targets adopted by the Nomination Committee to diversify the members of the Board.

RESPONSIBILITIES OF THE DIRECTORS

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. 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. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. All Board committees are provided with sufficient resources to perform their duties.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against Directors and officers of the Company arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

Every newly appointed Director should receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

During the Reporting Period, all Directors, namely Mr. LI Kejian, Mr. ZHU Jun, Mr. Liu Wei, Mr. LV Shiwen, Mr. ZHAO Chunsheng, Dr. GAO Dayong, Mr. LIANG Hsien Tse Joseph, Dr. QIN Zheng and Dr. HU Henan were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. All Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary. All Directors are encouraged to attend relevant training courses at the Company's expenses and required to submit a signed training records to the Company on an annual basis.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of each of these committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has established an Audit Committee with terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the CG Code. The Audit Committee consists of one non-executive Director, namely Mr. ZHAO Chunsheng and two independent non-executive Directors, namely Mr. LIANG Hsien Tse Joseph and Dr. QIN Zheng. The chairperson of the Audit Committee is Mr. LIANG Hsien Tse Joseph, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

At the 2025 first extraordinary general meeting held on October 31, 2025, a special resolution was passed to abolish the Supervisory Committee. Following the abolishment of the Supervisory Committee, the Audit Committee shall exercise the powers of the Supervisory Committee as stipulated under the PRC Company Law.

The primary functions of the Audit Committee are to assist our Board in providing an independent view of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as vested by the Articles of Association, applicable laws and regulations, or assigned by our Board, which includes, amongst other things:

- proposing to our Board the appointment and replacement of external audit firms;
- supervising the implementation of our internal audit system;
- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties vested by the Articles of Association, applicable laws and regulations, or conferred by our Board.

The Audit Committee had reviewed together with the management the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the audited consolidated financial statements of the Group for the year ended December 31, 2025.

During the year ended December 31, 2025, the Audit Committee has convened three meetings. The attendance record of the Directors at meeting of the Audit Committee is set out under paragraphs headed “Corporate Governance Report – Board Meetings and Committee Meetings” in this section.

During the meetings, the Audit Committee reviewed the annual results for the year ended December 31, 2024 and interim results for the six months ended June 30, 2025 and the related report of the Company and its subsidiaries and discuss matters with respect to the accounting policies and practices adopted by the Company. The Audit Committee has discussed and recommended to the Board on the amendments to the terms of reference of the Audit Committee.

During the year ended December 31, 2025, the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

Remuneration Committee

The Company has established a Remuneration Committee with terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the CG Code. The Remuneration Committee consists of one executive Director, namely Mr. LI Kejian and two independent non-executive Directors, namely Mr. LIANG Hsien Tse Joseph and Dr. QIN Zheng. The chairperson of the Remuneration Committee is Dr. QIN Zheng.

The primary functions of the Remuneration Committee are to develop remuneration policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefit arrangements, which includes amongst other things:

- establishing, reviewing and making recommendations to our Board on our policy and structure concerning remuneration of our Directors and senior management;
- making recommendations to the Board concerning the remuneration package of each executive Director and members of senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and
- other duties conferred by our Board.

During the year ended December 31, 2025, the Remuneration Committee has convened one meeting to (i) review the remuneration policy and structure of the Company; (ii) assess the performance of the Directors; (iii) review and consider the remuneration packages for the Directors and senior management of the Company; and (iv) discuss and recommend to the Board on the amendments to the terms of reference of the Remuneration Committee. The attendance record of the Directors at meeting of the Remuneration Committee is set out under paragraphs headed "Corporate Governance Report – Board Meetings and Committee Meetings" in this section.

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the individual performance and comparable market statistics.

Details of the remuneration payable to each Director for the year ended December 31, 2025 are set out in Note 8 to the financial statements in this annual report.

The remuneration (including equity-settled share award expense) of the members of senior management (including two Directors) of the Group by band for the year ended December 31, 2025 is set out below:

Remuneration Bands (RMB)	Number of Persons
Nil to 1,000,000	1
1,000,001 to 1,500,000	2
1,500,001 to 2,000,000	2
10,000,001 to 12,500,000	1
Total	6

Nomination Committee

The Company has established a Nomination Committee with terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of part 2 of the CG Code. The Nomination Committee consists of one executive Director, namely Mr. LI Kejian and two independent non-executive Directors, namely Dr. QIN Zheng and Dr. HU Henan. The chairperson of the Nomination Committee is Mr. LI Kejian.

The primary function of the Nomination Committee is to make recommendations to our Board in relation to the appointment and removal of Directors which includes, amongst other things:

- reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- assessing the independence of our independent non-executive Directors;
- assisting the Board in maintaining a board skills matrix;
- supporting the Company's regular evaluation of the Board's performance;
- making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors; and
- other duties conferred by our Board.

During the year ended December 31, 2025, the Nomination Committee has convened one meetings to (i) review the structure, size and composition of the Board; (ii) assess the independence of the independent non-executive Directors; and (iii) review the Company's director nomination policy (the "**Nomination Policy**") and the Company's board diversity policy (the "**Board Diversity Policy**"), to ensure that it is in compliance with the Listing Rules and the CG Code. The Nomination Committee has discussed and recommended to the Board on the amendments to the terms of reference of the Nomination Committee. The attendance record of the Directors at meeting of the Nomination Committee is set out under paragraphs headed "Corporate Governance Report – Board Meetings and Committee Meetings" in this section. The Board considered that an appropriate balance of diversity perspectives of the Board was maintained for the year ended December 31, 2025.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the board diversity policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the nomination policy that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

As at the date of this annual report, our Board consists of eight male members and one female member with two Directors aged 31 to 40 years old, four Directors aged 51 to 60 years old and three Directors aged over 60 years old. Our Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

NOMINATION POLICY

All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, educational background, professional experience, knowledge and independence (for appointment of independent non-executive Directors), and Board diversity aspects, where appropriate, before making recommendation to the Board.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in code provision A.2.1 of part 2 of the CG Code.

As at the date of this annual report, the Board had performed the following duties:

- to formulate, review and improve the corporate governance system and condition of the Company;
- to review and monitor the training for and continuous professional development of the directors and senior management;
- to review and monitor the systems formulated by the Company and the compliance thereof, and make relevant disclosures in accordance with the laws and relevant provisions of the securities regulatory authority;
- to formulate, review and monitor the code of conduct and relevant compliance manual of employees and directors; and
- the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

BOARD DIVERSITY POLICY AND GENDER DIVERSITY IN WORKFORCE

Pursuant to Rule 13.92 of the Listing Rules, the Nomination Committee (or the board) shall have a policy concerning diversity of board members, and shall disclose the policy on diversity or a summary of the policy in the corporate governance report.

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, we have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board. Pursuant to the Board Diversity Policy, we seek to achieve the diversity of the Board through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, age, cultural and educational background and professional experience and knowledge. The ultimate decision of the appointment will be based on merit and the contribution that the selected candidates will bring to the Board.

The Company has taken, and will continue to take, steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management levels. As of the date of this annual report, the Board consists of eight male members and one female member with two Directors aged 31 to 40 years old, four Directors aged 51 to 60 years old and three Directors aged over 60 years old. Our Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain high standard of operation. The Company had targeted to achieve and had achieved at least one female Director and 56% (98) of female employees of the Group and considers that the current gender diversity is satisfactory.

Going forward, the Company will continue to work to enhance gender diversity of the Board. The Board will use its best endeavors to appoint female Directors to the Board (keeping in mind the importance of management continuity and the timeline for retirement and re-appointment of Directors under the Articles) and Nomination Committee will use its best endeavors and on suitable basis to identify and recommend multiple suitable female candidates to the Board for its consideration on appointment of a Director. As of the date of this annual report, the Company has not set a target figure and timetable for increasing gender diversity at the Board level. The Company will also continue to ensure that there is gender diversity when recruiting staff at the middle to senior level so that the Company will have a pipeline of female management and potential successors to the Board in due time to ensure gender diversity of the Board. The Group will continue to emphasize training of female talent and providing long-term development opportunities for female staff.

Directors have a balanced mix of knowledge and skills, including but not limited to overall business management, finance and accounting, R&D, law and investment. They obtained degrees in various majors including clinical medicine, machinery manufacturing and equipment, business administration, law, engineering, modern mechanics and professional accounting. The Company has four independent non-executive Directors with different industry backgrounds, representing more than one third of the members of the Board. Further details on the biographies and experience of the Directors are set out on page 21 to page 25 of this annual report.

Workforce diversity

The gender ratio in the workforce (including senior management) for the year ended December 31, 2025 is approximately 44%:56% (male:female). The Board has not adopted any plan or measurable target for gender diversity as of the date of this annual report and is not aware of any factors or circumstances that would make it more challenging or less relevant for the Group to achieve gender diversity among its employees. For further details of gender ratio and initiatives taken to improve gender diversity together with the relevant data, please refer to the disclosures in the Environmental, Social and Governance report as set out in this annual report.

BOARD INDEPENDENCE

The Company recognizes that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board and that independent views. The current composition of the Board, comprising more than one third of the independent non-executive Directors and the majority members of the Audit Committee, Remuneration Committee and Nomination Committee are independent non-executive Directors. The Audit Committee and Remuneration Committee are both chaired by independent non-executive Directors. The remuneration of independent non-executive Directors are subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his/her appointment and annually.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances requires.

On the basis of the above measures that have been put into place, the Board is of the view that the above mechanism was effective in ensuring that independent views and input were available to the Board throughout 2025. The Board reviews the implementation and effectiveness of such mechanism on an annual basis.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Company has adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. The Audit Committee, and ultimately the Board, supervises the implementation of our risk management policies. Risks identified by senior management will be analyzed on the basis of likelihood and impact, and will be properly followed up, mitigated and rectified by the Company, and reported to the Board.

Senior management implements the risk management policies, strategies and plans set by the Board. Senior management is responsible for (i) formulating our risk management policy and reviewing major risk management issues of our Company; (ii) providing guidance on our risk management approach to the relevant teams in our Company and supervising the implementation of our risk management policy by the relevant departments; and (iii) reporting to the Audit Committee on our material risks.

Each functional team, including the finance and investment team, monitors and evaluates the implementation of risk management and internal control policies and procedures on a regular basis. The Board will meet in-person quarterly, as necessary. In order to formalize risk management across our Company and set a common level of transparency and risk management performance, the relevant teams will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) prepare a risk management report bi-annually for our general manager's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

Before each Board meeting, an agenda is prepared with inputs from Directors. At Board meetings, depending on the agenda, different team heads will gather information relating to their functions and report to the Board on the relevant agenda items, as necessary. The Board secretary will attend all Board meetings to ensure that there is no gap in communication between the two bodies. During Board meetings, the Board will, on occasion, further review and/or analyze particular issue and report their findings at the next Board meeting. The Board believe that the corporate structure provides an appropriate system of checks and balances to improve the risk management procedures.

The Audit Committee also reviews and approves our risk management policy to ensure that it is consistent with our corporate objectives, reviews and approves our corporate risk tolerance, monitors the most significant risks associated with our business operation and our management's handling of such risks, reviews the corporate risk in light of the corporate risk tolerance, and monitors and ensures the appropriate application of the risk management framework across the Company.

The Company has adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with strategic objectives on an on-going basis. The Board is responsible for establishing internal control system and the Board, as supported by the Audit Committee as well as the management, annually reviewed the effectiveness of the risk management and internal control systems for the Reporting Period, including the financial, operational and compliance controls, for the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Internal Control

The Board is responsible for establishing internal control system and reviewing its effectiveness. To monitor the ongoing implementation of our risk management policies and corporate governance measures, the Company has adopted, among other things, the following risk management and internal control measures:

- the establishment of the Audit Committee responsible for overseeing our financial records, internal control procedures and risk management systems;
- the appointment of Mr. LIU Wei as our executive Director, chief financial officer, Board secretary and joint company secretary and Ms. LEUNG Wai Yan as one of the joint company secretaries of the Company to ensure the compliance of our operation with relevant laws and regulations; and
- the engagement of external legal advisers to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary.

The Company has also adopted internal control measures to ensure our compliance with the relevant regulations in relation to the “Two-Invoice System”, including:

- providing trainings periodically to members of our management team as well as our sales and marketing team, to enhance their knowledge about the “Two-Invoice System” and other applicable laws and regulations;
- requiring our management team to closely monitor the progress of the implementation of the “Two-Invoice System” in different provinces;
- requiring our sales and marketing team to promptly adjust the distribution plans for our products based on the latest implementation status of the “Two-Invoice System” in different provinces;
- strictly enforcing the terms of our agreements with our distributors (particularly, prohibiting our distributors from selling our products outside the geographical regions specifically designated to the distributors, and from transferring their distributorship rights to sub-distributors without our prior approval);
- conducting regular inventory checks to ensure the inventories of ourselves and of our distributors are maintained at appropriate levels; and
- frequently communicating with our distributors, the sub-distributors and the end customers using our products, and periodically conducting inspections, to ensure there is no unauthorized resale of our products to other sub-distributors.

In addition, the Company has adopted internal control measures to ensure our compliance with the applicable laws and regulations with respect to the handling of sensitive data involving commercial secrets or personal privacy, and such measures primarily include:

- adopting strict requirements for desensitizing, collecting, using, reproducing, storing, and transferring sensitive data;
- providing trainings periodically to our senior management and employees to enhance their knowledge of the applicable laws and regulations regarding the protection of sensitive data;
- requiring any transfer of sensitive data (including but not limited to those in relation to clinical trial results) abroad or to foreign parties to be submitted to our Board for pre-approval; and
- desensitizing all sensitive data before transferring them to any third parties.

Finally, the Company has adopted various internal regulations against corrupt and fraudulent activities, which include measures against receipts of bribes and kickbacks, and misuse of company assets. Major measures and procedures to implement such regulations include:

- authorizing our audit and supervision department to assume responsibility for daily execution of our anti-corruption and anti-fraud measures, including handling complaints, ensuring protection for the whistle-blower and conducting internal investigations;
- providing anti-corruption compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and including relevant policies and express prohibitions against non-compliance in staff handbooks; and
- undertaking rectification measures with respect to any identified corrupt or fraudulent activities, evaluating the identified corrupt or fraudulent activities and proposing and establishing preventative measures to avoid future non-compliance.

Anti-corruption Policy

The Company does not tolerate any form of bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Company adopts the anti-corruption policy in assisting the employees in recognising circumstances which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance if necessary.

The anti-corruption policy will be reviewed on a regular basis, any convicted cases will be reported to the Board.

Whistle-blowing Policy

The Company expects and encourages employees of the Group and those who deal with the Group (e.g. suppliers, customers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice concerning the Group. The Company adopts the whistle-blowing policy to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistle-blowers of the protection that the Group will extend to them in the formal system.

The whistle-blowing policy will be reviewed on a regular basis, any suspected cases will be reported to the Audit Committee.

The Directors are of the view that such controls and measures are sufficient and effective to avoid the occurrence of corruption, bribery, or other improper conduct of our employees. For the year ended December 31, 2025, the Company was not subject to any government investigation or litigation with respect to claims or allegations of monetary and non-monetary bribery that activities, and to the best knowledge of the Directors, none of our employees was involved in any bribery or kickback arrangements.

The Company has designated responsible personnel to monitor our ongoing compliance with relevant laws and regulations that govern our business operations, and to oversee the implementation of any necessary measures. Meanwhile, we plan to provide our Directors, senior management and relevant employees with continuing training programs and updates regarding the relevant laws and regulations on a regular basis, with a view to proactively identifying any concerns or issues relating to any potential non-compliance. We believe that we have established adequate internal procedures, systems and controls to ensure compliance with anti-corruption and anti-bribery laws.

DISSEMINATION OF INSIDE INFORMATION

The Group regulates the handling and dissemination of inside information according to internal procedures and the policy so as to ensure that inside information remains confidential until the disclosure and publication of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

The Board is responsible for approving the policy on disclosure of inside information which aims at providing guiding principles, practices and procedures to assist employees and officers of the Group in (i) relaying inside information to the Board to enable it to make timely decisions on disclosure, if necessary; and (ii) communicating with the Group's stakeholders in ways which are in compliance with the SFO and the Listing Rules.

An employee who becomes aware of a matter or event that he/she considers to be material or inside information shall report to his/her division/department head who will assess the sensitivity of the relevant information and, if considered appropriate, escalate and report to the Board and/or the company secretaries of the Company.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended December 31, 2025.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the independent auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 126 to 128 of this annual report.

AUDITOR'S REMUNERATION

Audit fees of the Group for the year ended December 31, 2025 payable to the external auditor were approximately RMB2.0 million.

Details of the fees paid or payable to the Company's auditor in respect of all services for the year ended December 31, 2025 are set out in the table below:

Services rendered for the Company	RMB'000
Audit services	1,950
Non-audit services	–

JOINT COMPANY SECRETARIES AND PRIMARY CONTACT OF THE COMPANY

The Company engaged Ms. LEUNG Wai Yan, a manager of corporate services of Vistra Corporate Services (HK) Limited (a company secretarial service provider), as a joint company secretary of the Company. Mr. LIU Wei is the other joint company secretary of the Company, and is the primary contact of Ms. LEUNG Wai Yan at the Company.

In compliance with Rule 3.29 of the Listing Rules, Mr. LIU Wei and Ms. LEUNG Wai Yan both undertook not less than 15 hours of relevant professional training to update their skills and knowledge during the Reporting Period.

SHAREHOLDERS' RIGHTS

Rights to Convene Extraordinary General Meeting

To safeguard Shareholders' interests and rights, the Shareholders are encouraged to participate at the general meetings of the Company and to vote thereat. An annual general meeting of the Company shall be held each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

The annual general meeting of the Company will provide a forum for the Board and the Shareholders to communicate. The Board will answer questions raised by Shareholders at the annual general meeting.

Pursuant to Article 81 of the Articles of Association, Members who, individually or collectively, hold more than 10% of the shares entitled to vote at the meeting to be held may sign a written requisition or requisitions in like form requesting the Board to convene an extraordinary general meeting and specifying the subject matter thereof. The Board shall convene an extraordinary general meeting as soon as possible after receipt of such a written request. The number of shares held as aforesaid shall be calculated as at the date of the written requisition by the member.

Procedures for Putting Forward a Proposal at the General Meeting

Pursuant to Article 62 of the Articles of Association, Shareholders individually or jointly holding at least the proportion of the Shares of the Company as specified under the PRC Company Law shall have the right to submit ad hoc proposals to the convener in writing 10 days prior to the general meeting. The convener shall issue a supplemental notice of the general meeting to other Shareholders within 2 days after receipt of such proposal, and place the matters of the proposal falling within the scope of authority of the general meeting on the agenda for such meeting and submit for consideration at the general meeting.

Procedures for a Shareholder of the Company to propose a person for election as a Director

Subject to the Articles of Association and the PRC Company Law, the Directors shall be elected by the general meeting of the Company.

Article 81 of the Articles of Association provides that written notice concerning proposed nomination of director candidate shall be sent to the Company at least 10 days prior to the date of the general meeting.

Right to Put Enquiries to the Board

Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: Building 15, Lane 3399, Kangxin Road, Pudong New Area, Shanghai, PRC
Attention: Mr. LIU Wei
Email: IR@cryofocus.com

Enquiries will be dealt with in a timely and informative manner.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

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

The Company adopted the shareholders' communication policy, which set out the framework the Company has put in place to promote effective communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner. The shareholders' communication policy will be reviewed on a regular basis by the Board.

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include (i) the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the Company's website and the Stock Exchange's website; (iv) the Company's website offering communication channel between the Company and its stakeholders; and (v) the Company's H share registrar in Hong Kong serving the Shareholders in respect of all share registration matters.

Having considered the multiple channels of communication, the Board believes that the Company's shareholders' communication policy has facilitated adequate communications, and is satisfied that the shareholders' communication policy has been properly implemented during 2025 and is effective.

DIVIDEND POLICY

We currently expect to retain all future earnings for use in operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by the general meeting and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including the successful commercialization of our products as well as our earnings, capital requirements, overall financial condition and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Adviser, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

ABOLISHMENT OF THE SUPERVISORY COMMITTEE AND CHANGES IN CONSTITUTIONAL DOCUMENTS

A special resolution has been passed at the 2024 annual general meeting of the Company held on June 20, 2025 to amend and adopt the Articles of Association to make slight adjustments to certain provisions in the Articles of Association after taking into consideration, among others, the operation and management needs of the Company, and to make certain housekeeping amendments to the Articles of Association. For further details, please refer to the circular of the Company dated April 29, 2025.

A special resolution has been passed at the 2025 first extraordinary general meeting of the Company held on October 31, 2025. In order to fully implement laws, regulation and regulatory requirements, and further enhance the level of corporate governance, according to the provisions of the PRC Company Law and other laws, regulations and normative documents, combined with the actual situation of the Company and in accordance with the principles for prudence, appropriateness and necessity, the Company proposed to make amendments (the "**Proposed Amendments**") to the Articles of Association to abolish the Supervisory Committee, with the Audit Committee of the Board of Directors exercising the powers of the Supervisory Committee as prescribed by the PRC Company Law, and the Rules of Procedure for the Supervisory Committee of the Company and other relevant regulations shall be abolished accordingly.

At the Board meeting held on October 14, 2025, the Board has also considered to abolish the Rules of Procedure for the Board Meetings of the Company and the Rules of Procedure for the Shareholders' Meetings of the Company (collectively, the "**Rules of Procedures**").

Special resolutions have been passed at the 2025 first extraordinary general meeting of the Company held on October 31, 2025 to approve the Proposed Amendments, the abolishment of the Supervisory Committee and the abolishment of the Rules of Procedures. Following the passing of the resolution on the abolishment of the Supervisory Committee, each of the Supervisors has resigned as a Supervisor with effect from October 31, 2025, and confirmed that he or she had no disagreement with the Board or the Supervisory Committee during his or her service period. There is no matter relating to the resignation of the Supervisors that needs to be brought to the attention of the Shareholders or the Stock Exchange. For further details, please refer to the announcements of the Company dated October 14, 2025 and October 31, 2025 and the circular of the Company dated October 14, 2025.

A copy of the amended Articles of Association has been posted on the website of the Company and the Stock Exchange.

Save as disclosed above, the Company did not make any other changes to its constitutional documents of the Company during the Reporting Period.

Environmental, Social and Governance Report

ABOUT THE REPORT

This report is the fourth Environmental, Social and Governance (ESG) Report published by Cryofocus Medtech (Shanghai) Co., Ltd., which is prepared in strict accordance with the principles of objectivity, transparency and completeness and faithfully discloses the practices and results of Cryofocus Medtech (Shanghai) Co., Ltd. in the fields of operation, environment and society to all stakeholders. The Report is an annual report covering the work during the Reporting Period, part of contents of which may backdate to previous years or be extended to 2026 as applicable.

Reporting Scope and Boundary

Scope of the Report: The Report is based in Cryofocus Medtech (Shanghai) Co., Ltd. and covers all of its subsidiaries and branches. Unless otherwise stated, the financial data in the Report are denominated in RMB.

Term of the Report: From January 1, 2025 to December 31, 2025 (“the Reporting Period”), and some contents and data may backdate to previous years or involve those in 2026 prior to the publication of the Report.

Abbreviations

For the convenience of presentation and reading, Cryofocus Medtech (Shanghai) Co., Ltd. is referred to as the “Company” in the Report, while the Company and its subsidiaries are referred to as the “Group” or “We” in the Report.

Preparation Basis

The Report follows the reporting principles of Materiality, Quantitative and Consistency. The Report was prepared in accordance with the *Environmental, Social and Governance Reporting Code* as set out in Appendix C2 to the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”).

This Report was developed through a process that includes identifying and prioritizing key stakeholders and material ESG issues, determining the boundaries of the ESG Report, collecting relevant materials and data, compiling the Report based on the collected information, and reviewing the Report. These steps ensure the completeness, materiality, authenticity, and balance of the Report’s content.

Materiality

The ESG issues determined by the Board of the Company to have a material impact on the Company, investors and other stakeholders have been reported in this Report. For the identification process and results of the Company’s ESG materiality issues for 2025, please refer to Sections “Communication with Stakeholders” and “ESG Materiality Issues” in Chapter 1.

Quantitative

This Report discloses the ESG-related quantitative data, standards and methodologies for statistics and calculations adopted by the Company, and provides textual explanations for the quantitative data. For the 2025 ESG quantitative data of the Company, please refer to the corresponding sections in each chapter.

Consistency

Unless otherwise stated, the Company adheres to apply consistent statistical methodologies of disclosure for each reporting period.

Sources of Information and Assurance of Reliability

The Report was prepared by the management of Cryofocus Medtech (Shanghai) Co., Ltd. and reviewed and approved by the Board of the Company. The Board of the Company ensures that the Report does not contain any false records, misleading statements or material omissions. The Board is also responsible for the authenticity, accuracy and completeness of the Report.

Confirmation and Approval

The Report was confirmed by the management and approved by the Board on March 27, 2026.

Access and Response to the Report

The electronic version of the Report will be published on the website of the Stock Exchange. If you have any questions or suggestions on the content of the Report, please contact us by the following means:

Address: No. 15, Lane 3399, Kangxin Road, Pudong New District, Shanghai

Tel: +86 21 209 77850

Email: IR@cryofocus.com

1 CORPORATE GOVERNANCE

The Group has always regarded standardized operation and management as the cornerstone of its steady development. We strictly adhere to the *Company Law of the People's Republic of China* and other relevant laws and regulations, continuously optimize our corporate governance structure and ESG management system, and collaborate with stakeholders to achieve sustainable development goals.

1.1 Statement of the Board

The Board of the Company, as the highest decision-making body of the Company, is fully responsible for and supervises all ESG-related matters of the Group, and holds ultimate responsibility for ESG planning and risk management. We continuously optimize our communication mechanisms with stakeholders, identifying, evaluating, and analyzing the impact of key ESG issues on the Group and stakeholders, and prioritizing these issues to effectively manage ESG-related affairs.

To ensure the continuous improvement of ESG performance, the Board regularly reviews ESG-related risks, key issues, and progress toward targets. It is responsible for approving the public disclosure of key ESG performance indicators and reviewing the handling of significant ESG events. The Board sets ESG targets closely aligned with business operations and regularly assesses their progress. Through these mechanisms, the Board continuously strengthens its oversight and guidance on ESG matters, ensuring that relevant work effectively supports the Company's long-term stable operations, enhances resilience, and creates sustainable value for stakeholders. This provides strong support for the Group to achieve sustainable development in its operations and business expansion.

1.2 ESG Governance

The Group fully recognizes that sound ESG governance is the core cornerstone for the enterprise to achieve sustainable development. In response to the broad expectations from all sectors of society for sustainable development, we have gradually established an ESG governance framework with clear responsibilities and well-defined divisions of labor. By continuously optimizing relevant systems and processes, we systematically enhance our ESG management capabilities, providing a solid foundation for effective ESG implementation.

ESG Governance Structure

The Group has established an ESG governance structure centered on the Board of Directors with multi-level collaboration. As the highest decision-making body for ESG matters, the Board comprehensively coordinates and systematically guides all levels of the Group in advancing ESG-related work, deliberates and decides on major ESG issues, and bears ultimate responsibility for ESG-related risks. To enhance their capacity to fulfill duties, board members undergo annual training on Hong Kong listing regulations to highlight compliance risks and ensure they promptly stay updated with the latest regulatory requirements, thereby effectively discharging their responsibilities. To ensure the effective advancement and implementation of ESG initiatives, we have set up a dedicated ESG Working Group to execute and coordinate ESG activities, regularly reporting progress to the Board to ensure the effective implementation of relevant policies and management measures.

Communication with Stakeholders

The Group regards the support and collaboration of stakeholders as a critical foundation for achieving sustainable development. Based on our operational characteristics and business scope, we have identified key stakeholders, including shareholders, investors, governments, regulatory authorities, and employees, and continuously monitor their feedback and expectations. Through multiple communication channels including shareholder general meetings, on-site research, thematic symposiums, and public telephone lines, we actively listen to opinions from all parties, promptly address core concerns, and are committed to building a long-term, stable, mutually trusting, and win-win cooperative relationship.

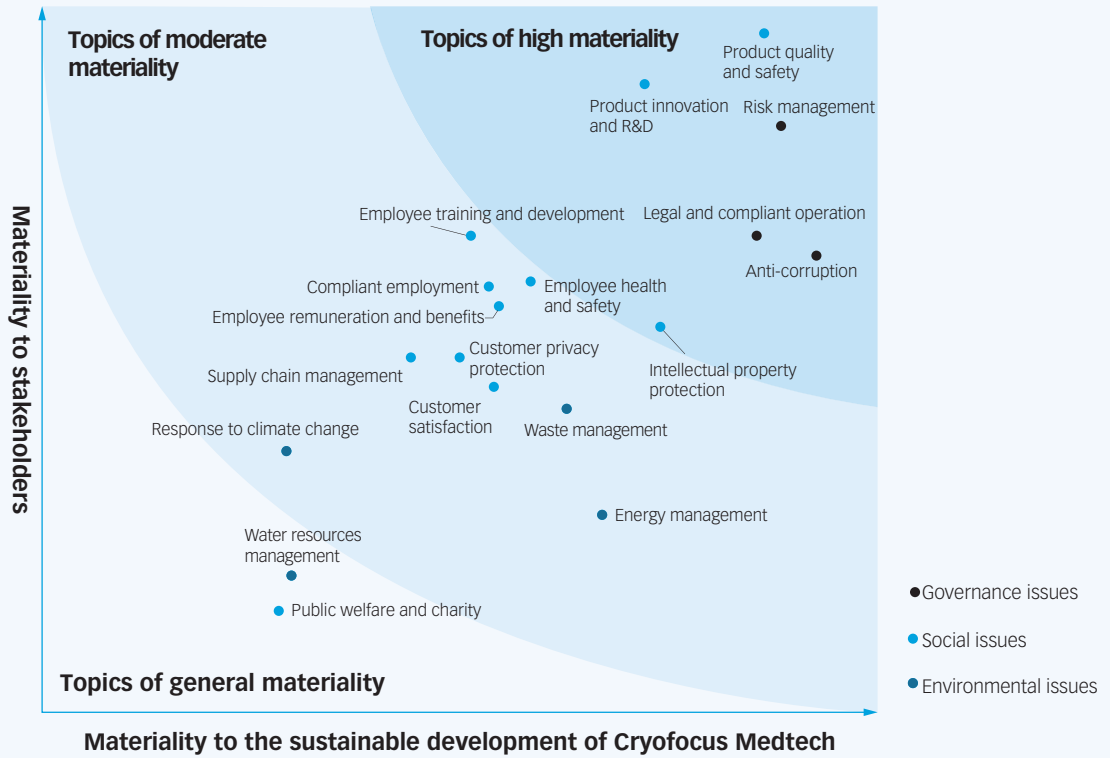
Key Stakeholders and Communication Channels

Stakeholders	Expectations and Demands	Communication and Response
Shareholders/Investors	Compliant operation Risk management	Shareholders' general meeting; Investor meeting Information disclosure Communication via telephone and email
Government and Regulatory Authorities	Compliance with disciplines and laws Anti-Corruption	Implementation of policies Active tax payment Information disclosure
Employees	Compliant employment Employee remuneration and benefits Employee training and development Employee health and safety	Internal communication platform Visits and consolation Public hotline
Suppliers	Supply chain management	Bidding meeting Surveys and visits Industry forum
Partners	Faithful performance of contracts Win-win cooperation	On-site visits and meetings Telephone/WeChat/ Questionnaire
Customers	Product Quality and Safety Product Innovation and R&D Customer privacy protection Customer satisfaction	Customer Satisfaction Surveys Regular Visits On-site visits and meetings Telephone/WeChat/ Questionnaires
Community and the Public	Charity	Voluntary services Charity activities

Material Issues

To enhance ESG governance effectiveness and advance the achievement of sustainable development goals, the Group continuously conducts the identification and assessment of ESG material issues, fully considering the focus areas of various stakeholders. In 2025, assuming no significant changes in the Group’s business environment, we will continue to prioritize disclosure of the material issues identified by the Board of Directors in 2024.

Matrix of Materiality ESG Issues of Cryofocus Medtech in 2025

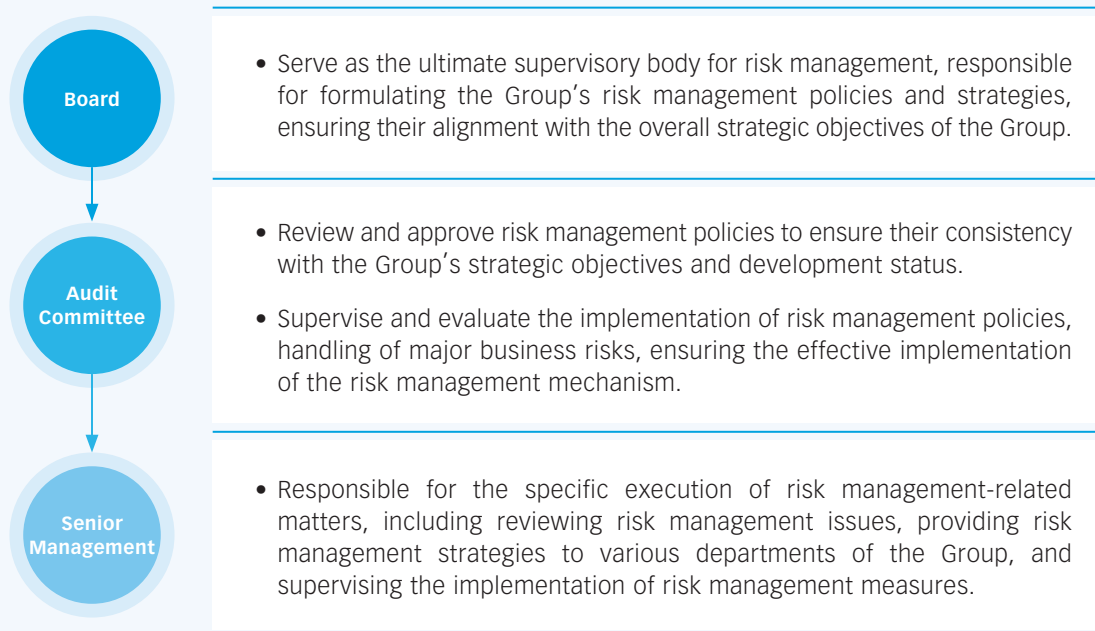


1.3 Risk Control

The Group places high importance on various potential risks during operations and regards risk management as a core component of sound corporate governance. Through continuous improvement of the institutional framework and optimization of control processes, we systematically enhance our overall risk resilience.

In terms of organizational structure, the Group has established a three-tier risk management framework comprising the Board of Directors, the Audit Committee, and the Senior Management, to clearly define responsibilities and authorities, thereby strengthening the barrier for risk prevention and control. Specifically, senior management is responsible for the preliminary identification and front-end control of significant risks that may arise in operations, and regularly reports progress to the Audit Committee; the Audit Committee is responsible for advancing comprehensive risk identification, continuous tracking, effective mitigation, and implementation of corrective measures, and reporting key results to the Board of Directors.

Through this tiered management mechanism, the Group achieves timely identification, rapid reporting, and orderly disposal of significant risk matters, ensuring the closed-loop operation of risk management and providing robust support for sustainable enterprise development.



Risk Governance Architecture

1.4 Business Ethics

The Group places compliant operations and the construction of business ethics at the core of its governance. We strictly comply with relevant laws and regulations, including the *Criminal Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, and resolutely prohibit any form of bribery, extortion, fraud, money laundering, or other unethical business practices. We attach great importance to integrity and honesty within the supply chain, treating anti-corruption as a core component of supply chain management. The Group is committed to building and maintaining a fair, transparent, and responsible business ecosystem.

To systematically advance integrity governance, we have formulated and continuously refined internal regulatory frameworks, including the *Anti-Fraud Management Policy* to assist employees in identifying situations that may lead to or involve bribery and unethical business conduct. This enables them to avoid such explicitly prohibited behaviors and seek guidance promptly when necessary. By combining institutional constraints with cultural guidance, we are continuously strengthening employees' professional ethics and compliance awareness.

In terms of oversight, the Group has established a diversified reporting channel covering phone, email, mail, and in-person meetings, open to employees and other stakeholders for receiving reports on acts violating business ethics, such as corruption and fraud. All reported matters are incorporated into a standardized handling process to ensure that verification procedures are initiated immediately upon acceptance and that independent and impartial investigations are conducted. To encourage internal oversight, we support anonymous reporting and have established a dedicated whistleblower protection mechanism. We strictly maintain the confidentiality of whistleblowers' identities and submitted materials, firmly prohibit any form of retaliation, and effectively safeguard the legitimate rights and interests of whistleblowers.

At the preventive level, the Group integrates business ethics and compliance education throughout employees' career development lifecycle. We not only designate it as a mandatory module for new hire orientation but also conduct long-term, systematic integrity education through various forms such as case-based teaching and policy dissemination. The Group regularly provides data protection and anti-corruption compliance training to senior management and employees to enhance their awareness of and adherence to applicable laws and regulations. Relevant requirements are also clearly set forth in the *Staff Handbooks*. For any corruption or fraud violations identified, the Group will promptly implement corrective measures, assess root causes, and develop prevention plans to help employees establish correct values and codes of conduct, thereby building a long-term mechanism from the source that ensures 'no desire to corrupt, no ability to corrupt, and no fear of corruption'.

The Group will periodically review its anti-corruption policies and report any convicted cases to the Board of Directors. In 2025, the Group and all employees were not involved in any concluded litigation cases regarding corruption.

2. HIGH-QUALITY PRODUCTS

The Group integrates the value proposition of “Focus, precision, integration, and innovation” into its comprehensive lifecycle quality management system, committed to delivering safe, reliable, and exceptional products and services. We continue to refine our intellectual property protection mechanisms and implement responsible supply chain management to drive continuous improvements in product and service quality, thereby advancing sustainable development within the industry.

2.1 Product Responsibility

The Group prioritizes product responsibility and regards excellence in quality management as the core cornerstone of sustainable corporate development. We continuously enhance the optimization of our quality management system, persistently innovate technical standards and refine production processes to provide safer, more reliable, and more efficient minimally-invasive cryotherapy solutions.

2.1.1 Quality Management System

The Group strictly complies with regulatory requirements such as the *Regulations on the Supervision and Administration of Medical Devices* and the *Quality Management Standards for Medical Device Operation*, while fully implementing internationally recognized standards established by the International Organization for Standardization (ISO), including ISO 13485 and ISO 14971.

The Group has established a robust quality management organizational structure, with the General Manager serving as the top executive and appointing management representatives. Functional departments, including R&D, production, quality, management, and medical departments, perform their respective duties to ensure clear responsibilities and efficient collaboration across all stages.

We continuously improve our quality management system and promptly update relevant quality management policies. During the Reporting Period, we updated the *Design and Development Control Procedure* to include an effectiveness assessment of sterilization and aeration processes in response to design changes. We further evaluated the risks and impacts associated with design changes, thereby enhancing the standardization and effectiveness of the design and development process within the quality management system. In addition, we have upgraded relevant policy documents and conducted training for personnel in response to the newly promulgated 2025 edition of the *Pharmacopoeia of the People's Republic of China* and the new version of the *Quality Management Standards for Medical Device Operation*, which will be formally implemented in 2026.

During the Reporting Period, The Group passed the annual audit obtained ISO 13485 Medical Device Quality Management System. During the Reporting Period, we underwent 8 on-site system audits by regulatory authorities and 2 external customer audits, and conducted 9 internal company audits. All issues identified during the audits have been rectified within the Reporting Period.



Certificate of Registration of the ISO 13485 Medical Device Quality Management System

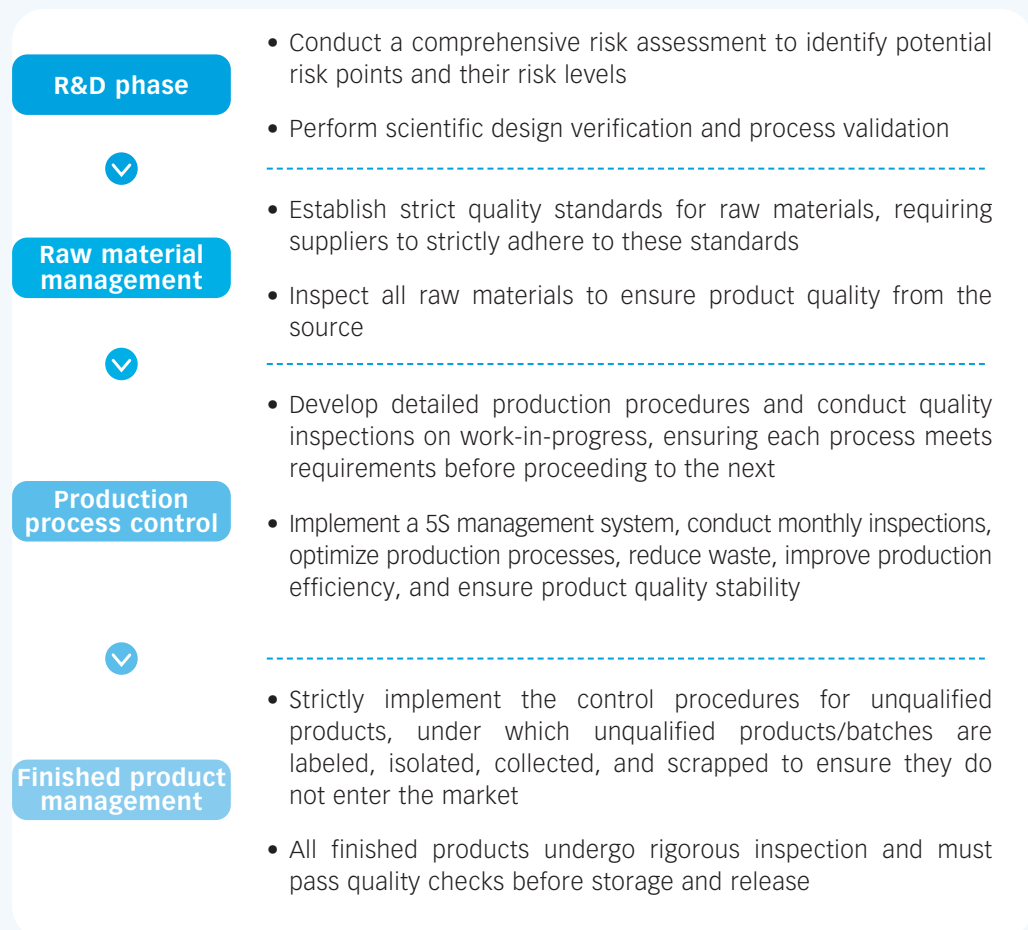
Quality Culture Construction

The Group continues to strengthen quality culture by promoting relevant quality laws and regulations, organizing comprehensive training for all employees, conducting pre-job training for new hires in the Quality Department, and delivering specialized training. These initiatives ensure that employees fully master core knowledge areas including medical device regulations, quality management systems, document control, product inspection, and corrective and preventive actions (CAPA), thereby continuously enhancing overall quality management capabilities.

During the Reporting Period, the Group organized and conducted multiple specialized training sessions covering regulatory interpretations of the *Regulations on the Supervision and Administration of Medical Devices*, knowledge of microbiology and hygiene, as well as standard operating procedures (SOPs) for quality inspection and practical drills. These initiatives effectively enhanced employees' quality awareness and operational capabilities.

2.1.2 Product Management Actions

The Group has established a quality control process covering the entire product lifecycle. Through rigorous quality control procedures and continuous iterative management measures, we ensure that product quality meets high standards from research and development through to delivery.



During the Reporting Period, the Group systematically carried out 42 periodic verification tasks in accordance with the annual verification plan. These activities covered multiple aspects including the production environment, production infrastructure, product storage conditions, and sterilization processes, thereby systematically ensuring compliance and stability throughout the product manufacturing process.

Product Recall Management

The Group strictly adheres to the *Measures for the Administration of Medical Device Recalls* and relevant laws and regulations, formulating and implementing the *Product Recall Management System*, which encompasses recall workflows, responsible departments, and documentation requirements. We ensure that upon identifying any potential safety hazards in our products, we promptly initiate recall procedures to safeguard user safety and legitimate rights and interests to the highest standards, thereby effectively fulfilling our product safety responsibilities throughout the entire product lifecycle.

We strictly enforce warehouse management protocols to accurately identify product information, ensuring full-chain traceability for all product inbound and outbound operations. During the Reporting Period, we organized departments to study product recall laws and regulations such as the *Measures for the Administration of Medical Device Recalls* and company policies.

Triggering recall

- Immediately initiate the recall procedure upon order by national regulatory authorities
- Establish a medical device quality management system and adverse event monitoring system to continuously collect, record, and analyze adverse event information, investigating and evaluating potential product defects
- Rapidly initiate recall procedures if an assessment confirms the need for a recall

Implementing recall

- Form a recall task force comprising managers from quality, production, market, and medical departments, clarifying the responsibilities of each member
- The task force is responsible for determining the recall scope, drafting recall notices and announcements, and implementing the recall plan

Handling recalled products

- Take measures such as warnings, inspections, repairs, relabeling, instruction manual updates, software updates, replacements, or destruction to eliminate defects. Products requiring destruction are disposed of under the supervision of the department of food and drug supervision and administration
- Conduct in-depth root cause analysis, develop and implement improvement and preventive measures to avoid recurrence of similar issues, continuously enhancing product quality and safety

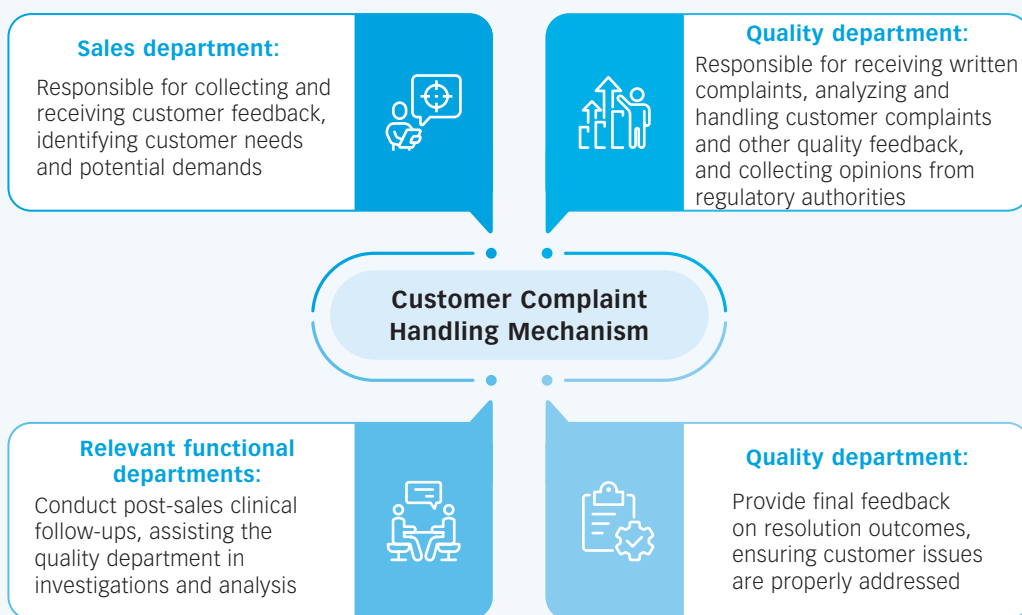
Product Recall Management Process

During the Reporting Period, there were no product recalls due to safety or health reasons among the products sold or shipped by the Group.

Customer Service

The Group places high importance on customer feedback and continuously improves its complaint management mechanism to ensure timely, effective, and accurate responses and resolutions to customer issues. This approach aims to enhance customer satisfaction while simultaneously elevating product and service quality.

We have established a comprehensive customer complaint handling mechanism. By collecting and integrating customer feedback through multiple channels, we effectively identify customer needs and potential issues, systematically driving continuous improvements in product quality and customer service levels. During the Reporting Period, the Group received no complaints regarding products and services.



Customer Complaint Handling Mechanism

We place high importance on customer training and are committed to enhancing customers' comprehensive understanding of products and operational procedures through systematic guidance. In addition, we organize product training sessions for customers, covering cutting-edge academic developments, introductions to the Group's products, surgical procedures, and precautions, ensuring that agents have a comprehensive understanding of the Group's products and operational procedures.

2.1.3 Clinical Safety

The Group strictly adheres to the *Good Clinical Practice (GCP)* and strictly prohibits the collection of personal information from research participants during clinical trials, thereby fully protecting patient privacy.

2.2 Intellectual Property Protection

The Group strictly complies with laws and regulations such as the *Patent Law of the People’s Republic of China*, the *Trademark Law of the People’s Republic of China*, the *Copyright Law of the People’s Republic of China*, and the *Enterprise Intellectual Property Management Standards* to conduct intellectual property management in a lawful and compliant manner.

We continuously improve our intellectual property management system and strictly adhere to the requirements specified in the *Intellectual Property Management Manual* when carrying out all related work. We have formulated and implemented internal policies such as the *Management Measures for the Introduction of Scientific and Technological Talents* and the *Patent Incentive Management System* to effectively incentivize innovation among technical talent and actively promote the transformation and practical application of intellectual property outcomes.

During the Reporting Period, the Group has obtained certification for the Intellectual Property Management System in accordance with GB/T 29490-2023 and successfully passed its annual audit.



Intellectual Property Management System Certification

As of the end of the Reporting Period, the Group had cumulatively obtained authorization for 180 patents and 59 trademarks, including 30 new patents and 1 new trademark authorized in 2025. During the Reporting Period, the Group's disposable pulmonary nodule localization needle product was recognized as a national patent-intensive product.

We place high importance on intellectual property training and awareness initiatives. We conduct intellectual property-related training sessions tailored to the needs of different organizational levels and business areas. The training content covers the intellectual property compliance management system, patent management, trademark management, and other key areas. These initiatives continuously enhance all employees' awareness and capabilities regarding the creation, utilization, protection, and risk prevention of intellectual property.

2.3 Supply Chain Management

In building its supplier management system, the Group has consistently strictly adhered to the *Management Standards for Production Quality of Medical Devices* and the *Guidelines for Supplier Audit of Medical Device Manufacturers* to manage suppliers, ensuring that evaluation and supervision mechanisms meet high industry standards. Building on this compliance foundation, we have also implemented the *Procurement Control Procedures* to ensure compliance and transparency in procurement.

As of the end of the Reporting Period, the Group had a total of 263 suppliers, the details of which are as follows:

China	250 suppliers
Overseas	13 suppliers

2.3.1 Supplier Access

To ensure source control of product quality, the Group has established a scientific supplier access and management system. We select high-quality suppliers through fair sourcing, qualification reviews, multi-departmental evaluations, and categorized management. At the same time, by leveraging annual reassessments and dynamic management, we continuously track supplier performance and make timely adjustments to drive sustained improvement in overall supply chain capabilities, ensuring reliable product quality and controllable risks.



- Conduct fair and transparent sourcing of high-quality suppliers based on product procurement technical requirements.
- Investigate suppliers by completing the *Supplier Questionnaire and the Supplier Quality System Review Form* (if the supplier has already obtained system certification, certification proof can be provided directly).
- Form an evaluation team comprising the procurement, quality, production, and R&D departments to conduct comprehensive supplier evaluations and complete the *Supplier Evaluation Form*.



- Include suppliers that pass the evaluation in the *Qualified Supplier List* and sign contracts and quality assurance agreements.



- Implement categorized management based on supply types and risk levels:
 - o **Category A:** Materials and services that have a direct impact on the core performance of products;
 - o **Category B:** Materials that have no direct impact on the core performance of products;
 - o **Category C:** Materials that have no impact on the core performance of products.



- Assign procurement personnel to manage qualified suppliers on a daily basis and conduct annual evaluations.
- Perform qualification reviews, sample requests, on-site inspections, and other activities based on the actual conditions of suppliers to ensure their continued compliance with the Group's requirements.

Supplier Onboarding Process

2.3.2 Supplier Assessment

To ensure the continuous and stable operation of the supply chain, the Group conducts an annual evaluation for suppliers with delivery records in the current year. This evaluation comprehensively assesses suppliers from multiple dimensions such as product quality, price competitiveness, delivery capacity, and service level, based on the *Supplier Annual Evaluation Form*. We strictly enforce retention standards requiring all indicators to meet qualifications, ensuring that only compliant suppliers are included in the Approved Supplier List. At the same time, the Group has established a clear reward and punishment mechanism. Suppliers with outstanding performance are given priority access to new project resources, while suppliers that do not meet requirements are subject to rectification or elimination. During the Reporting Period, we have completed the assessment and review of 250 suppliers.

Supplier Grading Management Standards

Based on the evaluation results, suppliers are classified into the following three grades:

- **Class 1 Suppliers:** Comprehensive score \geq 85 points. These suppliers demonstrate excellent performance in product quality, price, and delivery capacity, offering high collaborative value. They will be prioritized for deeper cooperation in areas such as supply share allocation and new product development.
- **Class 2 Suppliers:** Comprehensive score between 65 and 85 points. These suppliers meet basic requirements in product quality and delivery capacity, while existing collaborations may be maintained, their supply share will be reduced, and they will be required to address issues identified during the evaluation process. The Company will also strengthen follow-up monitoring of their subsequent supply performance.
- **Class 3 Suppliers:** Comprehensive score $<$ 65 points. These suppliers exhibit significant deficiencies in product quality and supply capacity, and the Company will immediately terminate cooperation with them.
- **Special Clause:** For suppliers with three consecutive batches of non-conforming supplies who fail to complete rectifications within the specified period, the Company will directly terminate the cooperation.

2.3.3 Empowering Suppliers

The Group focuses on the collaborative development of the supply chain. We actively consolidate partner relationships by participating in industry exhibitions, conducting technical seminars, and implementing special supplier support programs. We leverage this to enhance the overall efficiency of our supply chain, thereby laying a solid foundation for ensuring product quality and driving technological innovation.

Support carton suppliers in improving quality

In 2025, the Company's Procurement department initiated a targeted support program to address exterior printing errors identified in carton suppliers. We collaborated face-to-face with suppliers through joint efforts with our production and quality departments to conduct a comprehensive analysis of quality issues across the dimensions of personnel, machinery, materials, methods, and environment.

After tracing the issue to human error, we assisted the supplier in establishing a supervision mechanism, increasing the frequency of outgoing quality inspections. Through this project-based collaboration, we effectively resolved product quality risks, ensured packaging materials met our company standards, and drove improvements in suppliers' quality management capabilities.

Collaborative Environmental Protection and Incentives for Suppliers

We actively encourage suppliers to adopt environmental measures to support our sustainable development strategy.

1. **Green Packaging and Recycling:** The Group strongly encourages suppliers to prioritize the use of paper packaging in product delivery, thereby minimizing the demand for plastic packaging materials. We are promoting the establishment of a recycling system for packaging consumables (such as shock-absorbing foam, cartons, plastic tubes, etc.) and implementing secondary use or environmentally friendly recycling for packaging that meets standards. At the same time, we extend our green philosophy to production and end-user stages, encouraging suppliers to use eco-friendly materials in the printing process and actively guiding distributors and end customers to participate in packaging box recycling initiatives.
2. **Low-Carbon Logistics and Transportation Optimization:** In response to the national low-carbon strategy, we recommend that suppliers adopt a consolidated batch transportation model for non-urgent materials and strictly limit split shipments within the same order. By optimizing shipment frequency and consolidating logistics resources, we aim to simultaneously reduce carbon emissions and packaging material consumption during transportation, thereby enhancing the environmental benefits of the logistics process.
3. **Green Evaluation and Business Incentives:** We encourage our suppliers to strengthen their environmental management. For suppliers who actively respond to environmental initiatives and implement green measures, the Group will provide support such as preferential order allocation and priority payment of accounts payable within feasible limits, to drive joint fulfillment of environmental responsibilities across the upstream and downstream supply chain.

2.3.4 Supply Chain Risk Management

The Group has consistently adhered to high-standard supply chain management principles. While ensuring integrity and stable operations within the supply chain, we have integrated ESG-related factors, such as environmental compliance and social responsibility gaps, into our risk early warning system. By building a multi-dimensional risk defense mechanism, we effectively identify and address various potential challenges, striving to build a compliant, transparent, and sustainable responsible supply chain.

Environmental and Social Risks in the Supply Chain

The Group has established a strict supply chain entry negative list mechanism, making environmental compliance and social responsibility performance mandatory thresholds for partner selection. For enterprises that have faced administrative penalties from environmental protection authorities, pose significant judicial litigation risks, or lack necessary qualifications, we implement a veto system and firmly exclude them from the supply chain. For newly established suppliers, we establish strict probation periods and dynamic evaluation processes to ensure the survival of the fittest. By proactively mitigating potential risks in contract performance and non-financial exposures, we have effectively ensured the robust operation of our supply chain, guaranteeing that all delivered products and services meet high standards.

Supply Chain Integrity Management

To strengthen our supply chain integrity, we rigorously comply with the integrity provisions outlined in the *Staff Handbooks* and conduct supply chain integrity education in accordance with the *Staff Handbooks*. This ensures that all business interactions between employees and suppliers align with professional ethics and conduct. Through a multi-department collaborative management mechanism, we regularly conduct integrity awareness activities for suppliers, eliminating corruption risks at the source and maintaining a healthy, orderly cooperative ecosystem.

Supply Chain Stability Assurance

To effectively respond to the complex and dynamic global market environment, the Group is committed to building a highly resilient supply chain system. By dynamically adjusting resource allocation and management strategies, we ensure the stability and flexibility of business delivery.

- **Refined Inventory and Delivery Control:** We upgraded our inventory management mechanism to ensure raw material procurement strictly aligns with production plans and sales demand. In this process, we conducted a comprehensive evaluation of our existing suppliers' delivery capabilities to ensure they can consistently provide products that meet quality standards. Through regular inventory counts and data analysis, we have reassessed the safety stock baseline. Specifically for suppliers with longer lead times, we strategically maintained sufficient safety stock buffers to mitigate potential logistics volatility risks and ensure production continuity.
- **Diversified Sourcing and Domestic Substitution:** To mitigate external trade barriers and policy uncertainties, we actively expand our pool of high-quality suppliers through industry exhibitions and partner referrals. In 2025, the Group prioritized the strategy of domestic substitution for key materials. Through project upgrades and improvements, it successfully completed localization sourcing and validation for multiple core raw materials, effectively reducing reliance on a single market and enhancing the autonomy and controllability of the supply chain.

3 GREEN OPERATIONS

The Group integrates energy conservation and green development into its core strategy. While promoting steady business growth, we continue to refine our environmental management system, actively reduce resource consumption and emission intensity during operations, and are committed to minimizing our overall environmental footprint. We work collaboratively with all parties to contribute to the construction of an ecological civilization.

3.1 Environmental Management

We strictly comply with environmental laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*. We have established and improved internal procedures such as the *Work Environment Control Procedures* and the *General Production Area Management System*. We rigorously implement standardized environmental management processes to ensure that our operations have no significant adverse impact on the environment and natural resources, while guaranteeing full compliance with all environmental management requirements.

Building on this foundation, the Group has established the strategic goal of becoming a green and low-carbon enterprise. Aligning with its actual management conditions and development needs, it actively benchmarks against industry best practices, scientifically formulates long-term environmental management objectives, and focuses on the effective implementation and continuous optimization of environmental policies and management measures to continuously enhance environmental governance efficiency.

Carbon emissions

Explore carbon reduction opportunities in production and operations, strengthen the implementation of emission reduction measures, and reduce carbon emissions from production and office activities.

Pollutant emission reduction

Monitor regulatory developments, continuously optimize the emission management system, and further reduce the total volume and concentration of pollutant emissions while ensuring compliance.

Use of water resources

Increase investment in water-saving initiatives during production, deepen the transformation and application of water-saving technologies, and comprehensively improve water resource utilization efficiency.

Use of energy

Enhance the energy management system, promote the application of energy-saving equipment and technologies, implement energy performance assessment mechanisms, and reduce energy consumption intensity.

Long-term Environmental Management Targets

3.2 Energy Management

The Group has always placed energy management at the core of its sustainability strategy and systematically advanced the continuous improvement of energy efficiency. Focusing on two key scenarios – production operations and daily office activities – we implemented refined energy consumption control measures to comprehensively optimize the energy usage structure and reduce energy intensity. At the same time, we are actively building an energy-saving culture involving all employees. Through continuous education and publicity, we strengthen energy-saving awareness, gathering broad consensus and collective action to support the Group’s low-carbon transformation goals.

The Group’s energy consumption in production and office processes primarily comes from electricity supplied by the municipal grid and gasoline used for official vehicles. The following table sets out the energy consumption and intensity data of the Group during the Reporting Period:

Energy Consumption ¹ and Intensity in 2025		
Name of Indicators	Total/Intensity	Unit
Total direct energy consumption	4.17	tce
Direct energy consumption intensity	0.00004	tce/revenue RMB thousand
Gasoline	3,910.62	Liter
Total indirect energy consumption	201.32	tce
Indirect energy consumption intensity	0.00211	tce/revenue RMB thousand
Electricity	163.81	10,000 kwh
Comprehensive energy consumption	205.49	tce
Comprehensive energy consumption intensity	0.00216	tce/revenue RMB thousand

The Group has systematically established an energy management mechanism covering the entire process, focusing on two key dimensions: “production optimization” and “office efficiency enhancement”, to continuously advance the implementation of energy conservation and consumption reduction initiatives. Through a combination of precise control, equipment retrofitting, and cultural guidance, the Group has significantly improved its overall energy efficiency.

¹ Energy consumption is calculated in accordance with the *General Rules for the Calculation of the Comprehensive Energy Consumption* (GB2589-2020).

Production Energy Conservation: Parallel Implementation of Operational Optimization and System Retrofitting

In the production phase, the Group focuses on implementing refined control over high-energy-consumption systems and time periods. We conduct regular professional maintenance on our air conditioning systems to ensure their continuous and efficient operation. Additionally, we implement equipment shutdown or low-frequency operation strategies during non-production periods to effectively reduce unnecessary energy consumption. At the same time, redundant operational loads on air conditioning, lighting, and air purification systems are reduced through spatial integration and centralized production arrangements. To establish a closed-loop management system, the Group has instituted a monthly energy analysis meeting mechanism to systematically review energy consumption data, identify opportunities for energy savings, and drive the implementation of corrective actions, thereby achieving continuous optimization of energy usage.

Office Energy Conservation: Prioritizing Both Equipment Upgrades and Behavioral Management

In office settings, the Group is comprehensively advancing facility energy efficiency and institutionalizing management systems. All office areas have been fully equipped with energy-saving lighting and high-efficiency appliances, and further reduced reliance on artificial lighting through the rational utilization of natural daylight. We simultaneously established a regional power responsibility management system, assigning dedicated personnel to control the start-up and shutdown of equipment such as air conditioning and lighting to eliminate standby energy consumption. In addition, specialized energy-saving training was conducted for new hires across departments including management, production, quality, R&D, government affairs, and sales to enhance energy conservation awareness from the behavioral source and promote the normalization of green office practices.

New Employee Energy Conservation and Emission Reduction Training

The Group incorporates energy conservation and emission reduction education into the mandatory onboarding curriculum for new employees. The training content is closely aligned with office scenarios, covering daily aspects such as water conservation, electricity saving, scientific air conditioning settings, paper saving, and the use of office consumables. In 2025, we have conducted three onboarding training sessions for new employees focused on energy conservation and emission reduction. Specifically, we guide employees:

- Control water volume during cleaning and shut off water promptly to prevent continuous flow;
- Implement double-sided printing and electronic document circulation to advocate for the reuse of waste paper;
- Strictly enforce zone-based lighting, power-off after work hours, and turning off lights immediately upon leaving to reduce standby energy consumption;
- Air conditioning usage strictly adheres to standards of no lower than 26°C in summer and no higher than 22°C in winter. Windows must remain closed during operation, and power to large equipment must be promptly disconnected when not in use for extended periods.

3.3 Resource Usage

The Group prioritizes water resource and packaging material management as key components of its environmental management system, systematically implementing strategies for resource conservation and circular utilization to comprehensively advance green operations and the achievement of sustainable development goals.

Water Resource Management: Strengthening Water Conservation and Efficiency Enhancement Across the Entire Process

Water used in the Group's production and office operations is sourced entirely from stable and sufficient municipal water supply. Through multiple measures including process optimization for cleaning, regulation of production water usage, and the widespread adoption of water-saving equipment, we continue to explore potential for water conservation. For example, by implementing centralized production renovation in workshops and expanding the scale of cleaning batches, water consumption per unit of material for cleaning was significantly reduced. During the Reporting Period, the Group's total water consumption was 7,010.1 cubic meters, with a water intensity of 0.07 cubic meters per thousand yuan of revenue, indicating an effective improvement in water resource utilization efficiency.

Packaging Material Management: Promoting Green Design and Reuse

In terms of packaging materials, the Group is actively promoting a green packaging transformation, focusing its efforts on three key directions: reduction in packaging volume, material recyclability, and reuse. We reduced packaging material consumption at the source by optimizing package size designs and reusing sterilization transfer boxes, while progressively improving the recycling rates for paper and plastic packaging. During the Reporting Period, the Group's consumption of paper-based packaging materials was 0.58 tons, and plastic-based packaging materials was 0.04 tons. The packaging material usage density was 0.0065 kilograms per thousand yuan of revenue.

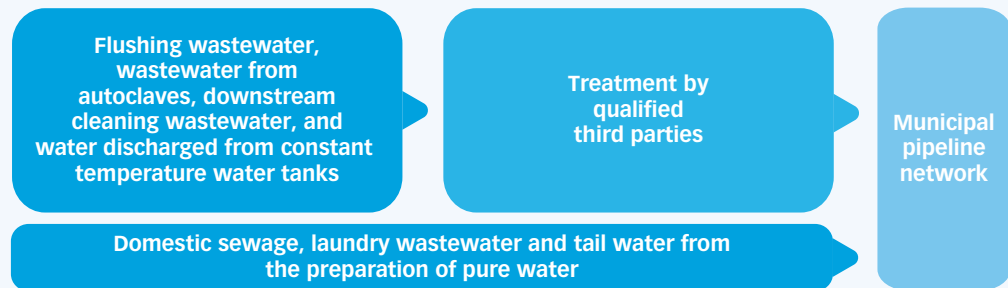
The Group has deeply integrated water conservation and green packaging concepts into its production processes and product design. By combining regulatory standards, technological improvements, and behavioral guidance, it is progressively establishing a resource management system covering the entire lifecycle from procurement to production, usage, and recycling, thereby driving continuous optimization of environmental performance.

3.4 Emissions Management

The Group treats compliance management of pollutants and discharge standards as the core component of environmental governance. We continuously improve the pollution prevention and control system, relying on scientific management and technological upgrades to systematically reduce environmental impacts during operations, firmly adhering to a development path for environmentally friendly enterprises.

3.4.1 Wastewater Management

The wastewater generated in our production and operation activities mainly includes flushing wastewater, wastewater from autoclaves, downstream cleaning wastewater, water discharged from constant temperature water tanks, tail water from the preparation of pure water, domestic sewage, and laundry wastewater. For these different types of wastewater, we have adopted differentiated management approaches to ensure that the wastewater is disposed of in a scientific and reasonable manner.



Wastewater Treatment Process

The Group strictly enforces a wastewater discharge monitoring and management system to ensure full-process compliance and controllability. We engage qualified third-party testing agencies to conduct regular monitoring of pollutant indicators in discharged water and utilize real-time online monitoring platforms to dynamically track discharge conditions, ensuring that wastewater discharges fully comply with the limit requirements stipulated by national and local environmental protection regulations. During the Reporting Period, the Group added professional sewage treatment facilities to centrally pre-treat and deeply purify production wastewater. This significantly enhanced the standardization level and discharge quality of wastewater treatment, further strengthening the Group’s capability for environmental risk prevention and control.

During the Reporting Period, multiple wastewater monitoring activities were conducted and all results met compliance standards. The wastewater discharge data are presented below.

Wastewater Discharge Indicators in 2025		
Name of Indicators	Total	Unit
Domestic sewage discharge volume	4,227.50	tonne
Industrial wastewater discharge volume	2,396.14	tonne
COD emissions	0.04	tonne
Ammonia nitrogen emissions	0.01	tonne

3.4.2 Waste Gas Management

The Group has integrated waste gas emission control into the core of its environmental management system, systematically establishing a full-chain waste gas governance mechanism covering source control, process collection, and end-of-pipe treatment. We strictly comply with regulatory requirements such as the *Integrated Emission Standard for Air Pollutants* and promote standardized management of waste gas emissions.

In terms of governance technology, we employ activated carbon adsorption and filtration processes to treat various types of waste gases generated during production. By integrating these with centralized roof collection systems, we achieve unified treatment and compliant discharge of waste gases, significantly reducing the environmental impact. At the same time, the Group annually engages qualified third-party testing agencies to conduct comprehensive monitoring of waste gas emission indicators, ensuring that emission concentrations and total volumes consistently comply with national and local environmental protection standards, while providing data support for the continuous improvement of environmental performance.

According to the test results of relevant waste gases, the waste gas emissions of the Company were all in compliance with the standards during the Reporting Period.

Waste Gas Emission Indicators in 2025		
Name of Indicators	Total	Unit
Nitrogen Oxides (NO _x)	0	kilogram
Sulfur Oxides (SO _x)	0	kilogram
Smoke and dust	Negligible amount, <0.01	kilogram
Particulate Matter (PM)	0.0012	kilogram
Non-methane total hydrocarbons	0	kilogram
Ethylene Oxide	0	kilogram
VOCs	0.019	kilogram

3.4.3 Waste Management

The Group treats waste management as a critical component of its environmental, health, and safety (EHS) system. Strictly adhering to laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the *Standard for Pollution Control on Hazardous Waste Storage*, and the *Technical Specification for Setting Identification Signs for Hazardous Waste*, the Group has established and continuously improved a standardized management system covering the entire process of waste classification, collection, storage, transfer, and disposal.

Waste generated during the Group's production and operational activities is primarily categorized into general waste and hazardous waste. General waste includes discarded packaging materials, metal shavings, and non-conforming products, while hazardous waste covers contaminated waste, laboratory waste, and spent activated carbon. We implement scientific classification and differentiated management based on waste attributes, systematically advance waste reduction, resource utilization, and harmless treatment, and minimize their potential impact on the environment and human health to the greatest extent.

General waste

- General waste is packaged using cardboard boxes or plastic bags, sorted, and stored in the temporary storage area for general solid waste.
- Engaged third-party institutions with proper qualifications are entrusted to regularly collect the waste, ensuring its standardized disposal.

Hazardous waste

- In strict accordance with the internally established the *Management Measures for Hazardous Wastes*, hazardous waste is subject to separate management, centralized treatment, and full-process monitoring to minimize its environmental impact.
- Efficient anti-leakage devices are installed to effectively prevent the leakage and diffusion of toxic and harmful substances, ensuring the safe disposal of hazardous waste.

The following table sets out the solid waste data of the Group during the Reporting Period.

Name of Indicators	Waste Indicators in 2025	
	Total Volume/Intensity	Unit
Total Non-Hazardous waste	9.00	tonne
Non-hazardous waste intensity	0.0945	kg/revenue RMB thousand
Total Hazardous waste	0.68	tonne
Hazardous waste intensity	0.0072	kg/revenue RMB thousand

3.5 Response to Climate Change

Climate change has become an urgent global issue concerning humanity's shared future, with profound impacts on the economy and society. The Group recognizes that climate change is not only a significant challenge to the external environment but also closely linked to its own operations, strategic development, and the social responsibilities. Based on this understanding, The Group continuously strengthens its climate governance framework, actively identifies and analyzes climate-related risks and opportunities, formulates corresponding response strategies, and continuously improves its climate risk management mechanisms. The Group is committed to achieving a continuous reduction in greenhouse gas emissions, contributing to the nation's carbon neutrality goals while promoting high-quality enterprise development.

3.5.1 Governance

The Group has established an ESG governance system centered on the board of directors, with clear hierarchical levels and defined responsibilities, and has integrated functions related to climate change governance into this framework. The Group's Board of Directors serves as the highest governance and decision-making body for climate change issues, responsible for guiding and overseeing climate strategy formulation, climate target setting, and climate risk and opportunity assessment. The ESG Working Group serves as the executive body responsible for coordinating all departments within the Group and its branches/subsidiaries to fully implement climate change management. This includes identifying and assessing climate-related risks and opportunities, formulating and implementing relevant response measures, establishing monitoring mechanisms for tracking and management, and regularly reporting progress to the Board of Directors. To continuously enhance the Board's capabilities in climate governance, climate-related training will be included into the Board's ESG training programs to ensure that relevant personnel are informed of the latest trends in climate change, applicable laws and regulations, and response measures. (For more information, see Section 1.2 ESG Governance)

3.5.2 Strategy

Based on its own business and industry characteristics, combined with external dynamics such as global climate change trends and domestic and international policy orientations, and referencing Part D of the Stock Exchange's *Environmental, Social and Governance Reporting Code* on climate-related disclosures and the International Sustainability Standards Board's (ISSB) *IFRS S2 Climate-related Disclosures*, The Group identifies, assesses, and manages climate-related risks and opportunities across its operations and value chain. The Group has also developed response strategies to address the impacts of climate change and strengthen the resilience of its business.

The Group has defined three-time horizons² for assessing climate-related risks and opportunities: short-term (occurring within the next 1 year), medium-term (occurring from the next 1 year to 2030), and long-term (occurring from 2031 to 2050).

² The definition of the medium-term time horizon aligns with China's 2030 carbon peak goal, and the definition of the long-term time horizon aligns with the *Hong Kong Climate Action Plan 2050* published by the Hong Kong Special Administrative Region.

Given that the Group's climate data foundation is still under construction and the financial sensitivity to current climate risks is limited, we have identified potential financial impacts of climate factors on the Company solely through qualitative analysis. The scenario parameters and models required to fully quantify climate financial impacts are still being refined. We will continue to track developments in climate issues based on existing qualitative analysis, advance quantitative assessment work, and provide more in-depth disclosure information in the future.

Analysis results of risks, opportunities, and their Impacts:

Climate Risk/Opportunity Types	Risk/Opportunity Description	Impact Period	Scope of Impact	Financial Impact	Response Measures	
Physical Risk	Acute risk	Extreme weather events driven by climate change may cause damage to buildings and other facilities and equipment; logistics transportation may be restricted, thereby affecting the enterprise's production and supply chain.	Short-term	Corporate operations Upstream and downstream of the value chain	Increase in operating costs	Improve emergency response plans and operational support measures and strengthen the disaster resistance capabilities of infrastructure facilities. Optimize the supply chain layout, ensure reserves of critical materials, and strengthen the dispatch capability for urgently needed supplies.
	Chronic risk	Changes in climate patterns have altered rainfall, river flow, and groundwater distribution, leading to water scarcity in certain areas that may affect the supply of water for corporate production; prolonged temperature increases may lead to higher energy demand for enterprises.	Long-term	Corporate operations	Increase in operating costs	Continuously increase investment in water conservation during the production process and deepen the technical transformation and application of water-saving technologies. Strengthen the construction of the energy management system and promote the application of energy-saving equipment and technologies.
Transition Risk	Policy risk	Increasingly stringent environmental and climate-related regulations may subject enterprises to higher energy conservation and emission reduction requirements, such as energy consumption limits, thereby increasing operational costs.	Medium – and long-term	Corporate operations	Increase in operating costs	Continuously explore carbon reduction potential in production and operations, strengthen the implementation of emission reduction measures, and steadily reduce carbon emissions from daily operations.

Climate Risk/Opportunity Types	Risk/Opportunity Description	Impact Period	Scope of Impact	Financial Impact	Response Measures	
Reputation risk	Stakeholder attention to low-carbon initiatives and climate change response is increasingly rising. If a company's disclosure regarding its climate strategy, climate actions, and performance data fails to meet expectations, it may negatively impact the Company's reputation.	Short – and medium-term	Corporate operations Upstream and downstream of the value chain	Administrative expenses increased	Strengthen the collection and management of materials related to environmental issues and greenhouse gas emissions within enterprises, regularly disclose relevant emission data, ensure its accuracy and compliance, and maintain transparency.	
Opportunity	Resource efficiency	Effectively implement green process improvements and equipment upgrades to enhance the efficiency of energy, water, and packaging material usage while reducing operating costs.	Medium – and long-term	Corporate operations	Reduction in operating costs	Strengthen the construction of the energy management system, promote the application of energy-saving equipment and technologies, and reduce energy intensity. Continuously improve the recycling rates of water resources and packaging materials to reduce resource waste.
Supply chain resilience	Multinational medical device manufacturers and leading domestic healthcare groups are accelerating the construction of green supply chains, as enterprises may seek new opportunities in the green economy market.	Medium – and long-term	Corporate operations Downstream value chain	Operating revenue increased	Establish a green supply chain and implement environmental incentive measures for suppliers. Disclose supply chain management progress in the ESG report to enhance market awareness of The Group's sustainable development capabilities.	

The Group has currently incorporated climate factors into its resource allocation considerations. Based on the business characteristics of our industry and our current scale, we prioritize allocating resources to greenhouse gas emissions accounting, energy management system construction, and the improvement of foundational data quality. In the future, we will adjust resource allocation as appropriate to support business development, such as gradually incorporating low-carbon considerations into equipment procurement and energy structure.

Currently, the Group is actively addressing the impacts of climate change through mitigation and adaptation initiatives. Regarding mitigation measures, we focus on energy management. Centering on two key scenarios – production operations and daily office activities – we implement refined energy consumption control measures to comprehensively optimize the energy usage structure and support greenhouse gas emission reductions. For specific details, please refer to Section 3.2 Energy Management. Regarding adaptation measures, we continuously monitor meteorological information and develop emergency response plans for extreme weather to enhance operational resilience.

Continuously monitor meteorological information

Pay close attention to meteorological notifications regarding extreme weather, issue advance notices to all units, prepare warm reminders, and implement preventive measures in a timely manner.

Execute the emergency response plan

Prior to the onset of extreme weather, relevant personnel shall be organized to complete all inspection tasks, including:

- Ensure effective lightning protection grounding and lightning protection testing.
- Inspect flowerpots on balconies and window sills, shelving units, construction materials, and other items prone to falling; promptly relocate them indoors to a safe storage area to prevent injury accidents caused by falling objects from heights. Ensure the reinforcement of outdoor billboards (signs) and building exteriors.
- Timely clear outdoor stored items to prevent waterlogging and other hazards;
- Before leaving, check and confirm that the windows are closed and the power is cut off.

3.5.3 Risk Management

Combining international mainstream risk management guidelines and frameworks, The Group has initially established a systematic process for identifying, assessing, and managing climate-related risks. This initiative aims to scientifically identify climate factors closely linked to the Company's operations, conduct forward-looking impact assessments, and develop differentiated response strategies, thereby effectively empowering the Group's overall capacity to address climate change.

Risk Identification:	We continuously monitor external environmental dynamics and gather diverse information across policy regulations, market trends, technological advancements, and climate disasters. By integrating industry benchmarking analysis with expert assessments from external specialists, we comprehensively identify climate indicators that may potentially impact us and systematically conduct the identification of climate risks and opportunities.
Risk Assessment:	Through internal specialized workshops, we assess the likelihood of occurrence and the severity of potential impacts for various risks, and prioritize them based on their significance.
Risk Response:	Based on risk assessment results, we will promptly plan response measures, regularly summarize and review the implementation of these measures, and make adjustments according to actual conditions to form a closed loop for climate management work.

Furthermore, we will continue to advance the integration of climate risk management processes with our existing risk management system, incorporating the assessment of identified climate-related risks and opportunities into routine management to further enhance the enterprise's climate adaptability and long-term resilience.

3.5.4 Metrics and Targets

The Group has established rigorous requirements for climate governance and greenhouse gas emission management and has formulated climate change targets. To continuously track the achievement of targets, we have established a routine greenhouse gas data disclosure mechanism. During the Reporting Period, the Company further improved its statistical system for energy consumption and greenhouse gas emissions data, optimized data collection and accounting methods, and enhanced the accuracy and comparability of emission data.

Our climate change targets and progress:

Target	Status in 2025
<ul style="list-style-type: none"> – Using 2024 as the baseline year, greenhouse gas emission intensity (Scope 1 and Scope 2) will decrease by 5% by 2026. – Continuously explore carbon reduction potential, strengthen the implementation of carbon reduction measures, and gradually reduce greenhouse gas emissions. 	In Progress
We plan to achieve 100% employee coverage for climate change training by 2027 and organize at least one climate emergency drill annually.	In Progress
Continuously implement energy-saving measures and convey climate-related concepts to key suppliers to gradually enhance supply chain climate awareness.	In Progress

The Group's greenhouse gas emission data for 2025 is presented in the table below:

Greenhouse Gas Emissions and Intensity In 2025		
Name of Indicators	Total Volume/ intensity	Unit
³ Scope 1 greenhouse gas emissions	8.63	tCO ₂ e
⁴ Scope 2 greenhouse gas emissions	869.18	tCO ₂ e
⁵ Scope 3 greenhouse gas emissions	1,285.48	tCO ₂ e
Total greenhouse gas emissions	2,163.29	tCO ₂ e
Greenhouse gas emissions intensity (Scope 1 and Scope 2)	0.00921	tCO ₂ e/revenue RMB thousand

³ Scope 1 was calculated based on the low gasoline calorific value of 44.8GJ/t set out in the *Study on China's Greenhouse Gas Inventory* in 2005 《(2005) 年中國溫室氣體清單研究》, the carbon content per unit gasoline calorific value of 0.0189tC/GJ set out in the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* and the *Provincial Greenhouse Gas Inventory Compilation Guide (Trial)*, and the gasoline carbon oxidation rate of 98% set out in the *Provincial Greenhouse Gas Inventory Preparation Guidelines (Trial)*.

⁴ The calculation of Group's Scope 2 emissions for 2025 was based on the location-based method, in accordance with the *Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (2004)*. The emission factors were sourced from the 2023 Electricity CO₂ Emission Factors, as published in the 2025 Announcement No. 47 jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics.

⁵ The calculation for Scope 3 emissions covers Category 1 (Purchased Goods and Services), Category 2 (Capital Goods), and Category 4 (Upstream Transportation and Distribution). The carbon emissions are estimated using the spend-based method, with emission factors referenced from the U.S. Environmental Protection Agency (EPA) Supply Chain Greenhouse Gas Emission Factors v1.2 (NAICS_CO₂e_USD2021) database. This database provides carbon intensity per dollar spent (kg CO₂e/USD) based on the NAICS industry classification.

4 PEOPLE-ORIENTED CONCEPT

The Group strictly complies with employment laws, prioritizes employees, and fosters a fair and transparent work environment. We enhance compensation and benefits, support development, and optimize communication to continuously enhance employees' sense of belonging and cohesion. While realizing employee value, we inject continuous momentum into the enterprise's sustainable development.

4.1 Compliant Employment

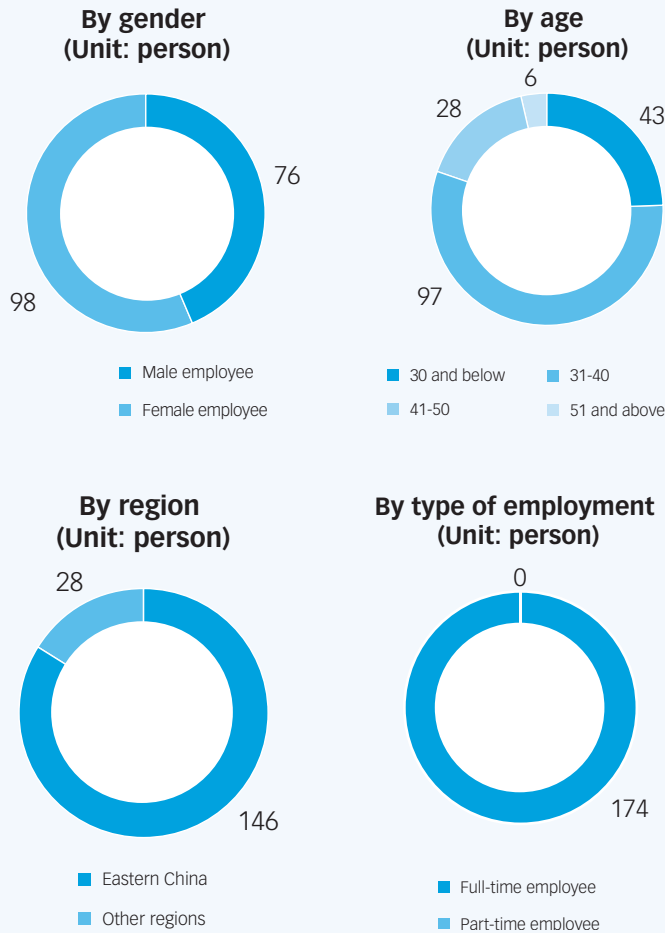
The Group adheres to the bottom line of lawful and compliant employment, fully implements national laws such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Trade Union Law of the People's Republic of China*, and strictly enforces local regulations including the *Regulations of Shanghai Municipality on Labor Protection for Female Employees*. By formulating and continuously improving the *Staff Handbooks*, the Group provides a clear institutional basis for building a standardized and harmonious workplace environment, ensuring the legality and fairness of employment relationships.

4.1.1 Employee Recruitment

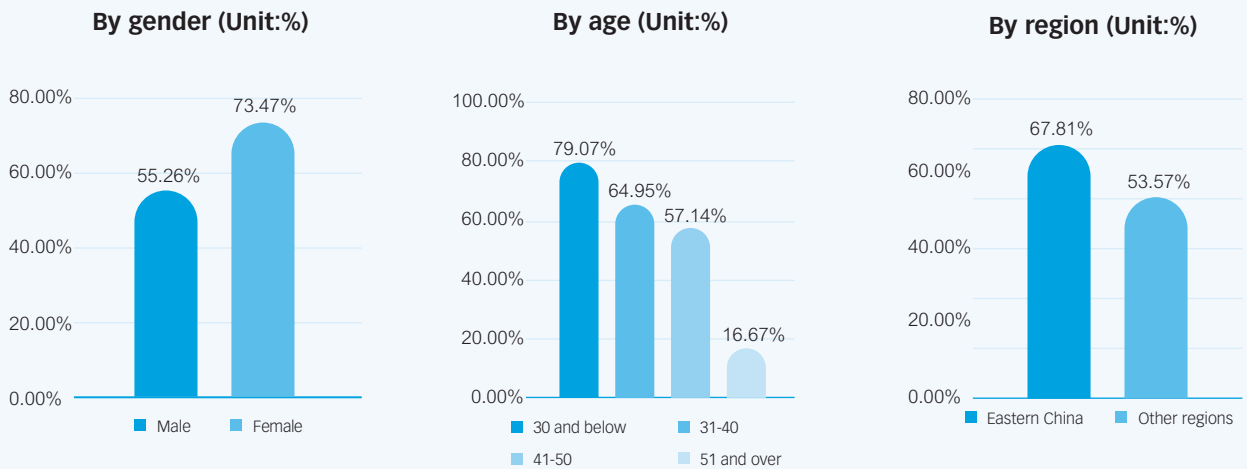
The Group adopts diversified recruitment channels. Building on established pathways such as online platforms, campus recruitment, and referrals from internal employees and suppliers, we have added external peer referrals and high-end talent exchange events to ensure the breadth and precision of talent acquisition. We continuously optimize our recruitment process, encompassing end-to-end management from job requisition posting and resume screening to multi-round interviews, background checks, and onboarding procedures, with a primary focus on candidates' work experience, professional skills, and educational background. During the selection process, we firmly eliminate restrictions based on non-competency factors such as gender, region, and ethnicity to ensure fairness and transparency in recruitment.

The Group is committed to fostering an equitable, diverse, and inclusive workplace environment. In accordance with national labor practice laws, the Group prohibits discrimination based on race, color, religion, nationality, age, pregnancy, childbirth, or physical or mental disabilities. The employment of child labor and forced labor is explicitly prohibited, and a zero-tolerance policy is implemented regarding bullying and harassment.

We strictly adhere to compliance standards by implementing rigorous identity verification and contract signing processes to firmly eliminate child labor and forced labor. Regarding working hours, we advocate for reasonable scheduling. For overtime work that is strictly necessary, we strictly pay remuneration in accordance with the law or arrange compensatory time off to effectively safeguard employees' rights and interests. As of the end of the Reporting Period, the Group had a total of 174 full-time employees, with the overall turnover rate of 65.52%, and no non-compliant employment incidents occurred.



Number of Employees of the Group by Different Categories in 2025



Employee Turnover Rate of the Group by Different Categories in 2025

4.1.2 Remuneration and Benefits

The Group has established a scientific and transparent compensation management system, implementing compensation allocation principles based on job value and oriented toward performance contributions. In accordance with the *Staff Handbooks*, the employee compensation structure comprises base salary, skill allowances, and performance bonuses. Compensation is determined reasonably by integrating job value, individual seniority, professional competence, and performance outcomes. We continuously optimize our compensation policies to ensure they closely align with external market trends and internal operational conditions, providing employees with fair and competitive value returns.

Building upon the foundation of safeguarding employees' basic rights and interests, we have established a comprehensive welfare network covering all dimensions of life. In addition to strictly complying with legal requirements to contribute to social insurance, housing provident fund and the implementation of statutory paid leave, including annual leave, marriage leave, maternity leave, and bereavement leave, the Company has further enriched its allowance and care programs. These initiatives include providing meal subsidies on workdays and overtime meal allowances, offering differentiated travel reimbursement based on distance and urgency, and distributing special heatstroke prevention allowances during high-temperature seasons. In addition, the Company regularly organizes health check-ups and team-building activities. Exclusive gifts are distributed during key nodes such as the Dragon Boat Festival, Mid-Autumn Festival, Spring Festival, and on employees' birthdays to comprehensively enhance a sense of belonging among staff.

The Group is committed to deeply aligning individual employee interests with the enterprise's long-term development and continuously deepening a performance-based incentive mechanism. We implement a dynamic compensation adjustment strategy to optimize pay and provide promotion incentives based on the Company's overall business performance and employees' individual performance. At the same time, we are actively exploring and implementing long-term incentive measures, including employee stock ownership plans, to enable core backbone staff and top talents to share in the dividends of corporate growth and stimulate the internal drive for continuous dedication within the team.

4.2 Talent Development

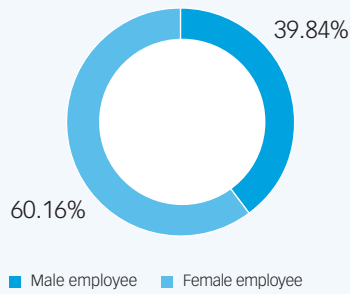
The Group views talent as the core driver of development and is committed to enhancing professional skills and management capabilities through a structured training system and clear career advancement paths, laying a solid foundation for sustainable growth.

4.2.1 Employee Training

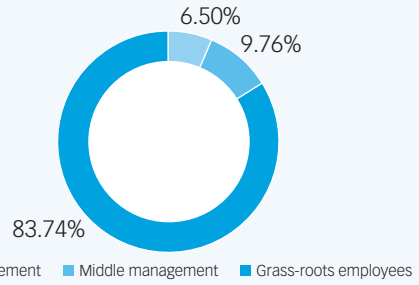
The Group aims to establish a systematic talent development framework by combining internal training with external study programs to provide diverse learning opportunities for employees. Internal training focuses on document revision and version updates, pharmacopoeia and national standard updates, cleanroom operation requirements, and new employee onboarding to ensure all staff thoroughly understand company policies and compliance procedures. External training primarily centers on hazardous chemicals safety, special equipment operation, dissemination of medical device regulations, and re-certification training for sterile testing personnel, aiming to cultivate high-quality management and professional talent. Simultaneously, the Group actively builds a talent reserve system and succession pipeline. Through internal trainers sharing communication techniques and foundational knowledge of product R&D, we enhance the professional literacy and practical capabilities of participants, reserving core strength for the Company's future R&D and senior management positions.

In terms of deepening job skills, the Group has strengthened its internal training resource library and the construction of an internal trainer team, with a focus on enhancing the professional capabilities of personnel in frontline production and inspection roles. We focused on conducting job-specific skills training and clinical follow-up skills training, covering equipment operation, standard operating procedures (SOP), and project issue communication meetings. By integrating theoretical knowledge with practical operations and case discussions, we comprehensively enhanced employees' overall capabilities. In 2025, the Group's employee training coverage reached 70.69%, with a total of 1,325 participants and cumulative training hours totaling 792.42 hours.

By gender (Unit:%)

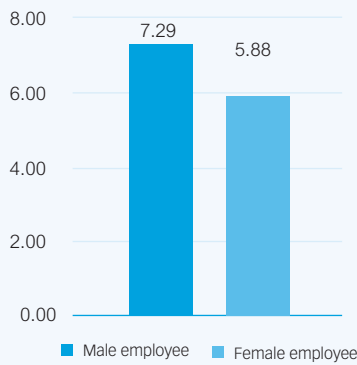


By employee type (Unit:%)

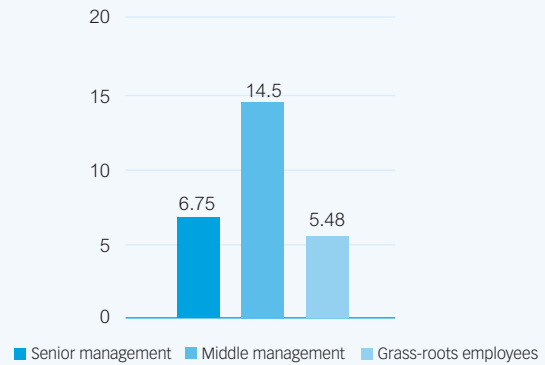


Percentage of Employees Trained by Different Categories of the Group in 2025

By gender (Unit: hour)



By employee type (Unit: hour)



Average Training Hours Completed per Employee of the Group by Different Categories in 2025

Specialized Training on Communication Skills

The Group's Production Department organized a specialized training session on communication skills. Led by department managers through the sharing of practical experiences and case studies, the initiative aims to equip employees with more efficient methods for information transmission and feedback. This training focused on optimizing internal communication effectiveness, eliminating collaboration barriers, and strengthening synergy across roles.

4.2.2 Employee Development

The Group has established a systematic career progression framework supported by scientific assessment mechanisms to facilitate professional advancement. This initiative aims to cultivate an objective and transparent growth environment, fostering the deep integration of individual employee value with organizational vision.

Scientific performance evaluation mechanism

We implement a performance evaluation mechanism covering all employees. Evaluation types include probationary assessments for new hires, contract renewal assessments, and periodic reviews (monthly and annual evaluations). In terms of evaluation dimensions, the Group balances quantitative and qualitative analysis: quantitative indicators focus on task completion rates, key job outputs, and labor efficiency; qualitative indicators concentrate on employee work attitudes, organizational cohesion, team collaboration, and learning capabilities. In practice, we employ an evaluation mechanism that combines self-assessment by employees with final approval by their supervisors, supported by one-on-one communication sessions to ensure deep interaction throughout the evaluation process.

Application of Assessment Results

Performance appraisal results will serve as the core foundation for employee promotion, job allocation, and the development of personalized career enhancement plans, aiming to promote simultaneous improvements in person-job fit and organizational effectiveness. Specifically, regarding compensation linkage, the assessment score serves directly as the basis for monthly performance remuneration. In terms of feedback and empowerment, through quarterly and annual special performance interviews, management can promptly identify obstacles encountered by employees in work execution or cross-departmental collaboration and provide targeted guidance or coordinate resources to resolve them accordingly. Furthermore, this year we strengthened the application of evaluation results by linking compliance status with performance scores. Specifically, we implemented a zero-tolerance policy for integrity violations in key positions to maintain a healthy workplace ecosystem through rigorous institutional constraints.

4.3 Employee Care

The Group upholds a people-oriented approach, providing comprehensive care and support through a diverse benefits system and open communication channels. We help employees achieve work-life balance and foster a warm and harmonious work environment.

4.3.1 Employee Care

The Group continues to enrich its non-compensation benefits system for employees by providing a range of care measures, including lunch subsidies, holiday gifts, birthday care, annual health check-ups, and irregular team-building activities, comprehensively conveying corporate warmth. These initiatives have effectively strengthened team cohesion and fostered a sense of belonging among employees, enabling every individual to grow together in a warm and positive work environment.

2025 Employee Care Initiatives

- We place high importance on the rights and well-being of female employees. We provide special condolences and care for female employees during their childbearing period. Through organizing special events for the International Women's Day and distributing exclusive gifts, we continuously convey our respect and care for female employees.
- The Group provides year-round welfare benefits to all employees, distributing exquisite gift packages during key festivals such as the Dragon Boat Festival, Mid-Autumn Festival, Christmas, and Spring Festival. These initiatives aim to enhance employee well-being while continuously strengthening team cohesion and a sense of belonging.
- We implement a company-wide birthday benefits program by preparing personalized gifts and warm wishes for every employee. This initiative puts our humanistic care into practice, ensuring that every member can personally feel the Company's recognition and warmth.
- The Group implements a comprehensive employee health check-up program covering all employees, with a holistic focus on their physical and mental well-being.



2025 International Women's Day Event

4.3.2 Communication with Employees

The Group continues to deepen democratic management, is committed to building an equal and smooth two-way communication bridge and encourages employees to actively participate in corporate governance and development. We have established diverse feedback channels, including all-staff communication meetings, in-depth interviews with leadership, email, and suggestion boxes, providing employees with ample space to express their opinions and offer constructive suggestions.

Relying on the institutional safeguards of the *Staff Handbooks*, we have established a rigorous grievance mechanism that clearly defines the scope for handling malicious defamation, sexual harassment, and unfair task allocation. The Human Resources Department is responsible for recording these cases and strictly upholding confidentiality obligations. For reasonable requests that cannot be resolved immediately, we have established a hierarchical escalation feedback procedure to ensure a closed-loop resolution.

To better understand employee needs, we regularly conduct employee satisfaction surveys. In 2025, through various survey formats, we collected a total of 1 employee suggestion and successfully implemented 1 targeted improvement measure. By converting employee suggestions into concrete management optimization actions, we have effectively enhanced the work experience and sense of belonging for all employees, fostering mutual growth between employees and the enterprise.

4.4 Employee Safety

The Group always prioritizes employee safety, actively strengthens the construction of the safety management system, strictly implements safety inspections, regularly conducts safety training and drills, and strives to create a safe and healthy working atmosphere for employees.

4.4.1 Safe Production

The Group strictly complies with relevant laws and regulations, including the *Work Safety Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China*, and the *Shanghai Production Safety Regulations*, and has established a safety management structure covering all employees. We have explicitly appointed a person in charge of work safety and safety officers at all levels, established a safety supervision network with clear responsibilities and authorities, and implemented comprehensive safety protocols across all scenarios, from office areas to the front lines of production, relying on internal management systems such as the *Staff Handbooks*, the *Hazardous Materials Management Regulations*, and the *Hazardous Waste Management Regulations*. During the Reporting Period, the number of working days lost due to work-related injury of the Group was 0.

Workplace Safety Measures

Hazard Identification and Risk Rectification

- **Multi-dimensional Inspection Mechanism:** Establish a routine inspection system covering monthly fire safety spot checks, weekly monitoring and screening, pre-holiday special inspections, and holiday on-site patrols to ensure that emergency exits, fire fighting equipment, and electrical facilities remain in compliance at all times.
- **Specialized Risk Control:** Implement precise defense measures for key risk points by installing oxygen concentration monitors at all nitrogen storage and usage locations and conducting daily inspections; add anti-static devices in hazardous chemical warehouses and implement "dual-person dual-lock" protocols along with networked monitoring management for hazardous chemicals.
- **External Collaboration Optimization:** Actively cooperate with on-site supervision by district-level safety departments, promptly implement corrective actions in response to feedback regarding regular fire extinguisher inspections and optimization of the work environment, ensuring that the production site complies with the latest safety standards.
- **Enhanced Personal Protective Equipment (PPE):** Equip frontline production personnel with professional PPE such as safety goggles and establish strict dress codes (e.g., prohibiting loose jewelry and open-toed shoes) to effectively mitigate mechanical injuries and occupational risks.

Emergency response to safety incidents

- **Principles of Accident Handling:** Uphold the "Four No Passes" principle for safety accident handling, which stipulates that no pass shall be granted until the cause of the accident is fully investigated, responsible personnel are held accountable, corrective measures are implemented, and relevant personnel have received adequate education.
- **Response System Upgrade:** Further optimize the comprehensive emergency plan, establish a clear three-level response process and post-incident handling standards to ensure rapid departmental coordination and on-site control in the event of emergencies.
- **Special Plan Construction:** Special emergency response plans have been formulated for major risks such as fires, explosions, and natural disasters, while on-site disposal schemes for high-frequency incidents including electric shock, mechanical injuries, and vehicle accidents have been detailed.
- **Extreme Environment Assurance:** A warning and evacuation mechanism for extreme weather events such as heavy rainstorms and typhoons has been established. Guided by the first principle of ensuring personal safety, employees are directed to proceed to safe zones for shelter in emergency situations.

Safety Training and Practical Drills

- **Comprehensive Awareness Coverage:** Integrate safety education throughout the entire employee career lifecycle. Upon onboarding, complete training and dissemination on fire safety, office safety, and operating procedures to establish a solid foundation for safety awareness.
- **Deepening Professional Expertise:** Conduct regular specialized training sessions on hazardous chemical management, special equipment operation, and emergency response plans. Actively participate in the 'Prevent Major Fires, Control Minor Fires' publicity and learning initiatives organized by the local fire center to enhance the team's professional competency.
- **Practical Simulation Drill:** Organize all staff to participate in fire evacuation and hazardous chemical spill emergency drills. Through practical assessments, ensure that every employee can proficiently master the use of fire extinguishing equipment, selection of escape routes, and basic rescue skills.

Safety Accident Response Levels

Response Level	Incident Status	Range of Response	Responsible Entity
Level III	<ol style="list-style-type: none"> 1. No substantial incident has occurred yet, but there are signs of a potential accident. If preventive measures are not taken promptly, an accident may occur rapidly. 2. An incident has occurred, but the severity is minimal, resulting in minor injuries to a few individuals. The grassroots team has the capability to implement initial response measures to mitigate the impact or facilitate subsequent rescue efforts. 	Workshop-level	Workshop Emergency Response Team
Level II	<ol style="list-style-type: none"> 1. The impact of the incident exceeds the control capacity of the grassroots team. 2. The capability required to control the accident exceeds the scope of the grassroots team but is still within the scope of capacity of the Company's emergency response team. 3. The grassroots team has implemented initial response measures, but the Company's emergency response team still needs to activate the formal emergency procedure. 	Corporate-level	Company Emergency Response Team
Level I	<ol style="list-style-type: none"> 1. The impact of the incident significantly exceeds the control of the grassroots team and may pose a threat to human life. 2. The capacity required to control the accident exceeds the scope of capacity of the Company's emergency response team. 3. The Company's emergency response team takes emergency response measures, but still needs the support of social rescue forces, and the overall command lies in the social rescue forces. 	Societal Level	Social Rescue Forces

Conduct Fire Drills

During the Reporting Period, the Group conducted a comprehensive fire emergency drill for all employees, aiming to strengthen staff crisis response capabilities through simulated fire scenarios. During the drill, employees actively participated in hands-on practice of standardized fire extinguisher operation and emergency evacuation routes to ensure they could respond calmly in the event of an incident. In addition, we further enhanced all staff's proficiency with linked equipment through specialized equipment training. Following the drill, the management team conducted an in-depth review and assessment of overall performance, proposed optimization suggestions for weak areas, and achieved closed-loop management from 'plan learning' to 'competency compliance'.

4.4.2 Occupational Health and Safety

The Group regards safeguarding the physical and mental well-being of employees as the baseline for fulfilling corporate social responsibility. While strictly adhering to legal requirements such as the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, we rely on the *Staff Handbooks* to continuously deepen our occupational health protection mechanisms. The management department proactively conducts one-on-one communications with employees to dynamically monitor individual health status and promptly update and archive annual health examination reports, achieving refined and closed-loop health management. For employees in positions with special requirements, we actively assist them in obtaining health certificates and relevant compliance documents. We continue to implement occupational health check-up and regular health check-up programs covering all staff, ensuring a 100% check-up coverage rate to effectively safeguard employee health and safety.

5 COMMUNITY CONTRIBUTIONS

The Group actively encourages employees to participate in social welfare activities, regarding this as a key approach to fulfilling corporate social responsibility, strengthening team cohesion, and giving back to the community. We are committed to fostering a philanthropic culture that involves all employees, encouraging employees to contribute to public welfare initiatives based on their expertise. During the Reporting Period, the total volunteer service hours contributed by the Group's employees amounted to 16 hours.

5.1 Industry Exchange

The Group actively engages in international academic exchanges and cooperation, collaborating with top global research institutions and industry peers to explore cutting-edge trends and future directions in the diagnosis and treatment of major diseases. We are committed to promoting innovative medical technologies, solutions, and standards originating from China onto the global stage, contributing wisdom and strength to the development of global health.

Moving forward, we will continue to leverage our unique advantages in the field of cryotherapy and strive to become a global leader in the clinical application of cryotherapy technology for vascular and natural orifice interventions. We will collaborate with medical professionals, research institutions, and industry partners worldwide to jointly address major unmet clinical needs.

Comprehensive Respiratory Intervention Diagnosis and Treatment Plan Unveiled at the Second China Respiratory Health Conference

In December 2025, the 2nd China Respiratory Health Conference was held in Guangzhou. This conference, themed "Collaboration between Traditional Chinese and Western Medicine • Industry-Academia-Research Innovation: Building a New Pattern for Respiratory Health Together," is jointly organized by seven authoritative institutions, including the National Center for Respiratory Medicine and the Guangzhou National Laboratory.

At the Respiratory Intervention and Thoracic Oncology Forum of the conference, a dedicated report titled "Development of Liquid Nitrogen-Based Cryoablation Equipment and Its Application in Lung Cancer Ablation" was presented. The study, conducted using the Group's products, involved research participation from the First Affiliated Hospital of Guangzhou Medical University and Tsinghua University. The Group's product provides a new minimally invasive treatment option for patients with peripheral lung cancer.

HKEX GUIDE

Subject Areas, Aspects, General Disclosures and KPIs			Indexes
A. Environmental			
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. <i>Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.</i>	3.1 Environmental Management 3.4 Emissions Management
	KPI A1.1	The types of emissions and respective emissions data.	It is not disclosed in accordance with the materiality principle because our business generates a small amount of air emissions.
	KPI A1.2	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.4 Emissions Management
	KPI A1.3	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.4 Emissions Management
	KPI A1.4	Description of emissions target(s) set and steps taken to achieve them.	3.1 Environmental Management
	KPI A1.5	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	3.1 Environmental Management 3.4 Emissions Management

Subject Areas, Aspects, General Disclosures and KPIs			Indexes	
Aspect A2: Resource Usage	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	3.1	Environmental Management
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3.2	Energy Management
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.3	Resource Usage
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	3.1	Environmental Management
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	3.1	Environmental Management
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.3	Resource Usage
Aspect A3: Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	3.1	Environmental Management
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.2	Energy Management
			3.3	Resource Usage
			3.4	Emissions Management
B. Social				
Employment and Labour Practices				
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; (b) and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1	Compliant Employment
	KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	4.1	Compliant Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	4.1	Compliant Employment

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs			Indexes	
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.4	Employee Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.4	Employee Safety
	KPI B2.2	Lost days due to work injury.	4.4	Employee Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.4	Employee Safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer</i>	4.2	Talent Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.2	Talent Development
	KPI B3.2	The average training hours completed per employee by gender and employee category.	4.2	Talent Development
Aspect B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	4.1	Compliant Employment
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1	Compliant Employment
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.1	Compliant Employment
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.3	Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	2.3	Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	2.3	Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.3	Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	2.3	Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs			Indexes	
Aspect B6: Product Liability	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.1	Product Responsibilities
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.1	Product Responsibilities
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.1	Product Responsibilities
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.2	Intellectual Property Protection
	KPI B6.4	Description of quality assurance process and recall procedures.	2.1	Product Responsibilities
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.		It is not applicable because our business does not involve any end consumer.
Aspect B7: Anti-Corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.4	Business Ethics
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	1.4	Business Ethics
	KPI B7.2	Description of preventive measures and whistle blowing procedures, and how they are implemented and monitored.	1.4	Business Ethics
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	1.4	Business Ethics
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	5	Community Contributions
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5	Community Contributions
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	5	Community Contributions

Subject Areas, Aspects, General Disclosures and KPIs		Indexes
D. Climate-related Disclosures		
(I) Governance	1. An issuer shall disclose information about:	
	(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	
	(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	
	(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	
	(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	1.2 ESG Governance 3.5 Response to Climate Change
	(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 19 to 22), including whether and how related performance metrics are included in remuneration policies (see paragraph 17); and	
	(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
	(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	1.2 ESG Governance 3.5 Response to Climate Change
	(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	

Subject Areas, Aspects, General Disclosures and KPIs	Indexes
<p>Climate-related risks and opportunities</p> <p>2. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p> <p>(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;</p> <p>(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;</p> <p>(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and</p> <p>(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.</p>	<p>3.5 Response to Climate Change</p>
<p>Business model and value chain</p> <p>3. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <p>(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and</p> <p>(b) a description of where in the issuer's business model and value chain climate related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).</p>	<p>3.5 Response to Climate Change</p>
<p>(II) Strategy</p> <p>Strategy and decision-making</p> <p>4. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <p>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p> <p>(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;</p> <p>(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);</p> <p>(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and</p> <p>(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 19 to 22; and</p> <p>(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 4(a).</p> <p>5. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 4(a).</p>	<p>3.5 Response to Climate Change</p>

Subject Areas, Aspects, General Disclosures and KPIs	Indexes
Financial position, financial performance and cash flows	
Current financial effect	
<p>6. An issuer shall disclose qualitative and quantitative information about:</p> <p>(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the Reporting Period; and</p> <p>(b) the climate-related risks and opportunities identified in paragraph 6(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.</p>	3.5 Response to Climate Change
Financial position, financial performance and cash flows	
Anticipated financial effect	
<p>7. The issuer shall provide qualitative and quantitative disclosures about:</p> <p>(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:</p> <p>(i) its investment and disposal plans; and</p> <p>(ii) its planned sources of funding to implement its strategy; and</p> <p>(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.</p>	The Group plans to gradually quantify the analysis of expected financial impacts in the future with the support of external professional institutions.

Subject Areas, Aspects, General Disclosures and KPIs	Indexes
<p>Climate resilience</p> <p>8. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <p>(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:</p> <ul style="list-style-type: none"> (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; <p>(b) how and when the climate-related scenario analysis was carried out, including:</p> <ul style="list-style-type: none"> (i) information about the inputs used, including: <ul style="list-style-type: none"> (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); (ii) the key assumptions the issuer made in the analysis; and (iii) the Reporting Period in which the climate-related scenario analysis was carried out. 	<p>The Group plans to gradually introduce a scenario analysis method combining qualitative and quantitative approaches in the future with the support of external professional institutions to assess the potential impact of different climate conditions on the Group's business.</p>

Subject Areas, Aspects, General Disclosures and KPIs	Indexes
<p>9. An issuer shall disclose information about:</p> <p>(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:</p> <p>(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);</p> <p>(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;</p> <p>(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);</p> <p>(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;</p> <p>(v) how the issuer monitors climate-related risks; and</p> <p>(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;</p> <p>(b) the processes the issuer uses to identify, assess, prioritise and monitor climate related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and</p> <p>(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.</p> <p>(III) Risk Management</p>	<p>The Group plans to gradually introduce a scenario analysis method combining qualitative and quantitative approaches in the future with the support of external professional institutions to assess the potential impact of different climate conditions on the Group's business.</p> <p>3.5 Response to Climate Change</p>

Subject Areas, Aspects, General Disclosures and KPIs	Indexes	
Greenhouse gas emissions		
10. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the Reporting Period, expressed as metric tons of CO ₂ equivalent, classified as: <ul style="list-style-type: none"> (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions. 	3.5 Response to Climate Change	
11. An issuer shall: <ul style="list-style-type: none"> (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: <ul style="list-style-type: none"> (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the Reporting Period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 10(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 10(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). 	3.5 Response to Climate Change	
(IV) Metrics and Targets		
Climate-related transition risks		
12. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	The Group plans to gradually introduce quantitative analysis in the future with the support of external professional institutions.	
Climate-related physical risks		
13. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.		
Climate-related opportunities		
14. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.		
Capital deployment		
15. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	During the Reporting Period, the Group had no capital expenditures related to climate-related risks and opportunities and did not engage in climate finance interactions; therefore, this item is not applicable at this time.	

Subject Areas, Aspects, General Disclosures and KPIs	Indexes
<p>Internal carbon prices</p> <p>16. An issuer shall disclose:</p> <p>(a) an explanation of whether and how the issuer is applying a carbon price in decision making (for example, investment decisions, transfer pricing, and scenario analysis); and</p> <p>(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;</p>	<p>During the Reporting Period, the Group did not establish an internal carbon price and this matter is not applicable at this time.</p>
<p>Remuneration</p> <p>17. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 1(a)(iv).</p>	<p>During the Reporting Period, the Group did not incorporate climate-related considerations into its compensation policies and thus this item is not applicable at this time.</p>
<p>Industry-based metrics</p> <p>18. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry based metrics associated with disclosure topics described in the IFRS S2 Industry based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.</p>	<p>3.5 Response to Climate Change</p>
<p>Climate-related targets</p> <p>19. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p> <p>(a) the metric used to set the target;</p> <p>(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);</p> <p>(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);</p> <p>(d) the period over which the target applies;</p> <p>(e) the base period from which progress is measured;</p> <p>(f) milestones or interim targets (if any);</p> <p>(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and</p> <p>(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.</p>	<p>3.5 Response to Climate Change</p>

Subject Areas, Aspects, General Disclosures and KPIs	Indexes
<p>20. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <ul style="list-style-type: none"> (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions. 	<p>3.5 Response to Climate Change</p>
<p>21. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</p>	
<p>22. For each greenhouse gas emissions target disclosed in accordance with paragraphs 19 to 21, an issuer shall disclose:</p> <ul style="list-style-type: none"> (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). 	<p>3.5 Response to Climate Change</p> <p>During the Reporting Period, the Group did not utilize carbon credits and this matter is currently not applicable.</p>
<p>Applicability of cross-industry metrics and industry-based metrics</p>	
<p>23. In preparing disclosures to meet the requirements in paragraphs 3 to 8 and 19 to 20, an issuer shall refer to and consider the applicability of</p> <ul style="list-style-type: none"> (i) cross-industry metrics (see paragraphs 10 to 17) and (ii) industry-based metrics (see paragraph 18). 	<p>Not applicable</p>

Report of the Directors

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

BOARD OF DIRECTORS

The Board currently comprises three executive Directors, two non-executive Directors and four independent non-executive Directors.

The Directors during the year ended December 31, 2025 and up to the date of this annual report were:

Executive Directors

Mr. LI Kejian (*Chairman of the Board*)

Mr. ZHU Jun (*General manager*)

Mr. LIU Wei (*Chief financial officer, Board secretary and joint company secretary*)

Non-executive Directors

Mr. LV Shiwen

Mr. ZHAO Chunsheng

Independent Non-executive Directors

Dr. GAO Dayong

Mr. LIANG Hsien Tse Joseph

Dr. QIN Zheng

Dr. HU Henan

GENERAL INFORMATION

The Company was incorporated in the People's Republic of China ("PRC") on March 15, 2013 as a limited liability company. On July 21, 2021, the Company was converted into a joint stock company with limited liability under the PRC Company Law. The Company's H Shares were listed on the Main Board of the Stock Exchange on December 30, 2022.

PRINCIPAL ACTIVITIES

We are an innovative medical device company in China with a main focus on the field of minimally-invasive interventional cryotherapy. We use liquid nitrogen as the main cryogenic source for cryotherapy systems by leveraging our unique liquid nitrogen cryoablation technology and advanced flexible catheter technology. Since our inception in 2013, we have developed a comprehensive product portfolio mainly focusing on two therapeutic areas: (i) vascular interventional therapy for the treatment of atrial fibrillation, hypertension and other cardiovascular diseases; and (ii) natural orifice transluminal endoscopic surgery, or NOTES, for the treatment of urinary, respiratory, and digestive diseases (e.g., bladder cancer, chronic obstructive pulmonary disease, asthma, airway stenosis, gastric cancer, and esophageal cancer). We believe our competitive advantage, technologies and product pipeline have helped us establish high entry barriers difficult for our competitors to surpass.

BUSINESS REVIEW

A review of the business of the Group during the year as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion and analysis on the Group's future business development and the financial and operational key performance indicators employed by the Directors in measuring the performance of the Group's business is set out in the section headed "Management Discussion and Analysis" on pages 7 to 20 of this annual report. These discussions form part of this Directors' report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Important Events After The Reporting Period" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

Risks Relating to Our Financial Position and Need for Additional Capital

- Our current revenue is generated from sales of a limited number of medical consumables.
- We had net cash outflows from our operating activities during the Reporting Period and we will need to obtain additional financing to fund our operations. Failure to obtain financing may materially affect the development of our product candidates and the commercialization of our approved products.
- We are exposed to credit risk in relation to prepayments and other receivables.
- We have historically received government grants for our R&D activities and we may not receive such grants in the future.
- Raising additional capital may cause dilution to our Shareholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.
- Share-based payment may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.
- Future tax payments or the discontinuation of any of the preferential tax treatments currently available to use could reduce our profitability.

Risks Relating to the Development of Our Product Candidates

- Clinical product development involves a lengthy and expensive process with an uncertain outcome.
- If we encounter difficulties or delays in enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.
- We may not be successful in developing, enhancing or adapting to new technologies and methodologies.
- Our employees, collaborators, service providers, independent contractors, principal investigators, vendors, contract research organizations and site management organizations may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could result in delay or failure to develop our product candidates.

Risks Relating to the Commercialization of Our Product Candidates

- If physicians and hospitals are not receptive to our product candidates, our results of operations may be negatively affected.
- Failure to achieve broad market acceptance could have a material adverse impact on our business and results of operations.
- If our distributors fail to expand or maintain their sales network, or if we fail to educate or manage our distributors effectively, our sales may decline.
- The growth and success of our business depends on the performance of us and our distributors in government-administered tender processes.
- The policies of centralized procurement of high-value medical consumables set by the PRC government may cover more products of our Group in the future, and the prices of such products may experience downward changes, which in turn may have a material adverse impact on our revenue, financial condition and results of operation.
- Downward changes in the pricing of our products may have a material adverse effect on our business and results of operations.
- Even if we are able to commercialize any of our product candidates, our sales may be affected by the level of medical insurance reimbursement patients receive for using our products.

Risks Relating to Extensive Government Regulations

- The research, development and commercialization of our product candidates are heavily regulated in all material aspects.
- The regulatory approval processes are lengthy, expensive and inherently unpredictable.
- We or parties on whom we rely on may fail to maintain or renew the necessary permits, licenses and certificates required for the development and production of our product candidates.
- We may not be able to comply with ongoing regulatory obligations which may result in withdrawal of approvals of our products.
- Changes in regulatory requirements may adversely affect our business.
- The implementation status of the “Two-Invoice System” for medical consumables may have a material impact on our business.

Risks Relating to Manufacture and Supply of Our Products and Product Candidates

- The manufacture of our products and product candidates is highly complex and subject to strict quality controls. Our business could suffer if our products or product candidates are not produced in compliance with all the applicable quality standards.
- We mainly rely on our production facilities in Shanghai and Ningbo for the manufacturing of our products and product candidates; any disruptions to the operation of our production facilities could materially adversely affect our business, financial condition and results of operations.
- We may be exposed to potential product liability claims, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur.
- If we fail to increase our production capacity as planned, our business prospects could be materially and adversely affected.
- We rely on a limited number of suppliers, and may not be able to secure a stable supply of qualified raw materials at all times or at all.
- An increase in the market price of our raw materials and components may adversely affect our financial position.
- Failure to manage our inventory effectively would materially and adversely affect our financial condition and results of operations.

Risks Relating to Our Intellectual Property Rights

- Failure to adequately protect our intellectual property rights may adversely affect our reputation and disrupt our business operation.
- We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming and unsuccessful. Our patent rights relating to our products and product candidates could be found invalid or unenforceable if being challenged in court or before the CNIPA or courts or related intellectual property agencies in other jurisdictions.
- Obtaining and maintaining our patent protection depends on compliance with various procedures, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.
- Changes in patent laws could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.
- If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims if our employees have wrongfully used or disclosed alleged trade secrets of their former employers.
- If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Risks Relating to Our Operations

- Our future success depends on our ability to retain key executives and to attract, hire, retain and motivate other qualified and highly skilled personnel.
- We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.
- We may encounter difficulties in managing our growth and expanding our operations successfully.
- We face substantial competition and rapid market changes, and our competitors may discover, develop or commercialize competing products before or more successfully than we do, or respond and adapt to the market changes more quickly and effectively.
- We have entered into collaborations, and may establish or seek collaborations or strategic alliances or enter into licensing arrangements in the future, and we may not realize the benefits of such collaborations, alliances or licensing arrangements.
- Our future acquisitions and investments may subject us to risks and uncertainties.
- Acquisitions or strategic partnerships may increase our capital requirements, dilute our Shareholders' ownership interest, cause us to incur debt or assume contingent liabilities, and subject us to other risks.
- The medical device industry in China is rapidly evolving, and we may be unable to maintain or enhance our market share in this industry for a variety of reasons.
- If we fail to maintain effective internal controls, we may not be able to accurately report our financial results or prevent fraud.
- If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities.
- We may be subject, directly or indirectly, to applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.
- If we or our business partners fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.
- If we or our business partners fail to protect patient data and privacy, our reputation will be damaged and we might be subject to fines or other regulatory punishments.
- If our employees or distributors engage in bribery or corrupt practices or other improper conduct, we may be subject to liability and our reputation and business could be harmed.
- Our internal computer systems as well as those of our service providers may fail or suffer security breaches.
- We have limited insurance coverage which may not adequately cover all the risks and hazards associated with our operations.

- Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.
- Our business significantly depends on our reputation and customer perception of us and any negative publicity on us, our Shareholders, Directors, officers, employees, suppliers, or other parties we cooperate with, or related to our industry, may materially adversely affect our business, financial condition and results of operations.
- If parties on whom we rely fail to maintain the necessary licenses for the development, production, sales and distribution of our products, our ability to conduct our business could be materially impaired.
- We are exposed to risks relating to our failure to complete property leasing registrations for our leased properties.
- Fluctuations in exchange rates of the Renminbi could result in foreign currency exchange losses.
- We may be subject to penalties under relevant PRC laws and regulations due to failure in full compliance with social insurance and housing provident fund regulation.

Risks Relating to Doing Business in China

- The medical device industry in China is highly regulated and such regulations are subject to change which may affect approval and commercialization of our products and product candidates.
- Changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.
- The PRC legal system embodies inherent uncertainties that may affect the protection afforded to our business and our Shareholders.
- You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management based on Hong Kong or other foreign laws.
- Gains on the sales of H Shares and dividends on the H Shares may be subject to PRC income taxes.
- Governmental control of currency conversion, and restrictions on the remittance of Renminbi into and out of the PRC, may limit our ability to utilize our revenue effectively and adversely affect the value of your investment.
- Our operations are subject to and may be affected by changes in PRC tax laws and regulations.
- We may be restricted from transferring our scientific data abroad.
- The political relationships between China and other countries may affect our business operations.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth.

Further details of the Company's environmental policies and performance are disclosed in the Environmental, Social and Governance report in this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

HUMAN RESOURCES

As of December 31, 2025, the Group had 174 (2024: 276) full-time employees, and substantially all of them were based in China. The total employee benefits expenses of our Group, which consist of (i) terms, wages, salaries and bonuses, (ii) social security costs, (iii) employee welfare and (iv) equity-settled share awards, for the year ended December 31, 2025 were approximately RMB74.3 million (2024: approximately RMB100.7 million). We recruit our employees based on a number of factors, including our needs and expansion plans, and the candidates' work experience and educational background. We invest in continuing training programs for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. We also assess our employees based on their performance to determine their salary, promotion and career development. In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters including terms, wages, bonuses, employee benefits, and grounds for termination. In addition, we are required under PRC law to make contributions to social security insurance funds and housing funds at a certain percentage of our employees' salaries, including bonus and allowances, up to a maximum amount specified by the local government.

RETIREMENT BENEFITS SCHEME

The Group does not have any employee who is required to participate in the Mandatory Provident Fund in Hong Kong. The employees of the Group's subsidiary in the PRC are members of the state-sponsored retirement benefit scheme organized by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. The Group's contributions made to the above retirement benefits scheme is non-refundable and cannot be used to reduce the future or existing level of contribution of the Group should any forfeiture be resulted from the scheme.

Details of the pension contributions of the Company are set out in Note 2.4 and Note 6 to the consolidated financial statements in this annual report.

MAJOR SUPPLIERS

The Group selects its suppliers by considering their product quality, industry reputation and compliance with relevant regulations and industry standards.

For the year ended December 31, 2025, purchases from the Group's five largest suppliers in the aggregate amounted to RMB36.7 million (2024: RMB26.1 million), accounting for 28.6% (2024: 30.1%) of the Group's total purchases for the same year. Purchases from the Group's largest supplier for the year ended December 31, 2025 amounted to RMB22.7 million (2024: RMB11.0 million), accounting for approximately 17.7% (2024: approximately 12.7%) of the Group's total purchases for the same year.

None of the Directors, their respective close associates, or any shareholder of the Company which, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest suppliers.

During the year ended December 31, 2025, the Group did not experience any significant disputes with its suppliers.

MAJOR CUSTOMERS

For the year ended December 31, 2025, sales from the Group's five largest customers in the aggregate amounted to RMB19.7 million (2024: RMB11.4 million), accounting for 20.7% (2024: 21.3%) of the Group's total sales for the same year. Sales from the Group's largest customer for the year ended December 31, 2025 amounted to RMB4.5 million (2024: RMB2.8 million), accounting for approximately 4.7% (2024: approximately 5.2%) of the Group's total sales for the same year.

None of the Directors, their respective close associates, or any shareholder of the Company which, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest customers.

During the year ended December 31, 2025, the Group did not experience any significant disputes with its customers.

KEY RELATIONSHIP WITH STAKEHOLDERS

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

Relationship with Our Employees

We endeavor to cultivate talented and loyal employees by treating our employees with dignity, respect and fairness. We conduct new employee trainings, as well as professional and compliance training programs for employees. We enter into employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. The remuneration package of our employees usually includes salary, bonus and share option incentives, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

Relationship with Shareholders

We recognize the importance of protecting the interests of the Shareholders and of having effective communication with them. We believe that communication with the Shareholders is a two-way process and strive to ensure the quality and effectiveness of information disclosure, maintain regular dialog with the Shareholders and listen carefully to the views and feedback from the Shareholders. This has been done through general meetings, corporate communications, annual reports and results announcements.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 21 to 28 of this annual report.

DIRECTORS' SERVICE CONTRACTS

We have entered into a contract with each of our Directors in respect of, among other things, compliance with relevant laws and regulations, observance of the Articles of Association and provisions on arbitration.

The Company has not entered, and does not propose to enter, into any service contracts with any of the Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended December 31, 2025 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors and any of their spouse and children under the age of 18 had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

REMUNERATION OF THE DIRECTORS AND SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

The emoluments of the Directors, Supervisors (with respect to their respective service period) and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the individual performance and comparable market statistics.

Details of the remuneration of the Directors, Supervisors (with respect to their respective service period) and the five highest paid individuals for the Reporting Period are set out in Note 8 and Note 9 to the consolidated financial statements in this annual report.

During the Reporting Period, there was no emolument paid by the Group to any of the Directors, Supervisors (with respect to their respective service period) and the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office. None of the Directors waived or agreed to waive any emoluments for the year ended December 31, 2025.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, none of the Directors and Supervisors (with respect to their respective service period) nor any entity connected with the Directors or Supervisors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party subsisting during or at the end of the year ended December 31, 2025.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no controlling shareholders or their respective subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party subsisting during or at the end of the year ended December 31, 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the Prospectus and save for their respective interests in the Group, none of the Directors was interested in any business which competes or is likely to compete, directly or indirectly, with the businesses of the Group for the year ended December 31, 2025.

From time to time, our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are neither our controlling shareholders nor members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

Non-Competition Undertaking

Our Controlling Shareholders provided a non-competition undertaking (the “**Non-Competition Undertaking**”) in favor of us, pursuant to which our Controlling Shareholders undertook not to, and to procure their respective close associate(s) (as appropriate) (other than our Group) not to, either directly or indirectly, compete with our business, which includes innovative products for minimally-invasive interventional cryotherapy and certain non-cryotherapy products in the categories of magnetic rings, digestive endoscopic anastomosis medical devices, single hole laparoscopic surgical approach system and related accessories, lung puncture localization, balloon dilatation catheters for endoscopic use and atrial fibrillation pulsed field ablation systems (“**Restricted Activities**”) and granted our Group the option for new business opportunities. Our Controlling Shareholders have further irrevocably undertaken in the Non-Competition Undertaking that, during the term of the Non-Competition Undertaking, they will not, and will also procure their respective close associate(s) (as appropriate) (other than our Group) not to, alone or with a third party, in any form, directly or indirectly, engage in, participate in, support to engage in or participate in any business that competes, or is likely to compete, directly or indirectly, with the Restricted Activities.

The Controlling Shareholders confirmed that they and their respective close associates (other than the Group) had complied with the Non-Competition Undertaking for the year ended December 31, 2025. The independent non-executive Directors conducted a review of compliance with such undertaking for the year ended December 31, 2025 and were satisfied that the Non-Competition Undertaking had been fully complied with for the year ended December 31, 2025.

MANAGEMENT CONTRACTS

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

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details on related party transactions for the year ended December 31, 2025 are set out in Note 31 to the consolidated financial statements in this annual report.

The following transactions would be regarded as continuing connected transactions of our Company subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Renewed Master Lease Agreement

a) Description of the Transaction

Our Company (for and on behalf of ourselves and our subsidiaries) entered into a master lease agreement dated December 9, 2022 (the “**Master Lease Agreement**”) with Ningbo Linfeng (one of the Controlling Shareholders) (for and on behalf of itself and its subsidiaries), pursuant to which we may lease from Ningbo Linfeng properties in the Linfeng Medical Technology Campus (麟澧醫療科技產業園) located at No. 777, Binhai 4th Road, Hangzhou Bay New District, Ningbo (the “**Campus**”) for use as plants and staff quarters. Our subsidiary, Ningbo SensCure has been leasing properties in the Campus for its business operations. Any relocation may cause unnecessary disruption to our business operation and incur unnecessary costs.

Our Group and Ningbo Linfeng and/or its subsidiaries would enter into separate lease agreements which would set out the specific terms and conditions according to the principles in the Master Lease Agreement. The Master Lease Agreement is effective from the Listing Date till December 31, 2024 and may be renewed conditional on the fulfillment of the relevant requirements under the relevant laws, regulations and the Listing Rules.

On December 31, 2024, the Company (for and on behalf of itself and its subsidiaries) entered into a master lease agreement dated December 31, 2024 with Ningbo Linfeng (one of the Controlling Shareholders) (for and on behalf of itself and its subsidiaries) (the “**Renewed Master Lease Agreement**”) with Ningbo Linfeng (for and on behalf of itself and its subsidiaries) to renew the Master Lease Agreement for a term of three years commencing on January 1, 2025 and ending on December 31, 2027 (both dates inclusive), subject to the terms of the Renewed Master Lease Agreement.

Pursuant to the Renewed Master Lease Agreement, it is agreed that (i) the Group may lease from Ningbo Linfeng properties in the Linfeng Medical Technology Campus (麟澧醫療科技產業園) located at No. 777, Binhai 4th Road, Hangzhou Bay New District, Ningbo, PRC, and Ningbo Linfeng may provide property management services in respect of any such leased properties, and (ii) the Group and Ningbo Linfeng and/or its subsidiaries may enter into separate lease agreements, which shall be in compliance with the Renewed Master Lease Agreement and set out specific terms and conditions (including payment terms).

As of December 31, 2025, the total value of right-of-use assets relating to the leases entered into by our Group under the Renewed Master Lease Agreement was RMB1,663,000 and for the year ended December 31, 2025, the aggregate short-term lease payments and other charges under the Renewed Master Lease Agreement were RMB876,000.

The Renewed Master Lease Agreement is on normal commercial terms or better. The rental shall be determined by the Company and Ningbo Linfeng through arm’s length negotiation based on a number of factors, including but not limited to the prevailing market rental of similar properties located in the vicinity, the areas leased and the term of the lease. Other charges under the Renewed Master Lease Agreement include property management fees and public utility fees. Property management fees shall be arrived at after arm’s length negotiation between the Company and Ningbo Linfeng with reference to the area of the leased properties and the composite price index in Ningbo. Public utility fees, such as water and electricity fees, shall be arrived at after arm’s length negotiation between the Company and Ningbo Linfeng with reference to the fees prescribed by the relevant governmental departments or where such prescribed fees are not available, the prevailing market rates, and the actual usage of the utilities.

b) Listing Rules Implications

According to HKFRS 16 Leases which was adopted by the Group effective from January 1, 2019, where (i) the lease term of a lease has a noncancellable period and (ii) such period is covered by an option to extend the lease with reasonable certainty that the lessee will exercise that option or such period is covered by an option to terminate the lease with reasonable certainty that the lessee will not exercise that option, such lease will be recognized as right-of-use assets. The value of the right-of-use assets would be determined after taking into account (i) the maximum aggregate rental under the lease having regard to, among others, the conditions of the properties (including but not limited to locations, areas leased and prevailing market rental of similar properties located in the vicinity), and (ii) the estimated present value of the maximum aggregate rental under the lease to be recorded as right-of-use assets in the financial statements using the incremental borrowing rate as the discount rate. Given that the Group is reasonably certain to exercise the option to extend the leases for plants with Ningbo Linfeng under the Renewed Master Lease Agreement, the leases for such plants by the Group as a lessee are recognized as right-of-use assets. As such, the Company is required to set annual caps based on the total value of right-of-use assets relating to such leases to be entered into by the Group as a lessee in each relevant year under the Renewed Master Lease Agreement.

Further, according to HKFRS 16 Leases, the recognition exemption (i.e. not to recognize a lease liability and a right-of-use asset at the commencement of a lease) applies where the lease, as at its commencement date, has a lease term of 12 months or less, or where a lease of low-value assets having a value of US\$5,000 or less is concerned. As such, the leases for staff quarters under the Renewed Master Lease Agreement are to be regarded as short-term lease payments, and such short-term lease payments, together with other charges under the Renewed Master Lease Agreement (which include property management fees and public utility fees), are recognized as expenses incurred by the Group. As such, the Company is required to set annual caps for such short-term lease payments and other charges payable by the Group in each relevant year under the Renewed Master Lease Agreement.

For the years ending December 31, 2026 and 2027, (i) the proposed annual caps on the year-end total value of right-of-use assets relating to the leases to be or expected to be entered into by our Group under the Renewed Master Lease Agreement are RMB2,831,485 and RMB1,769,678, respectively, and (ii) the proposed annual caps for the maximum aggregate annual amounts of short-term lease payments and other charges under the Renewed Master Lease Agreement are RMB1,797,762 and RMB1,797,762, respectively. The respective proposed annual caps for the transactions contemplated under the Renewed Master Lease Agreement were determined with reference to (i) the existing lease agreements that the Group has entered into with Ningbo Linfeng, (ii) the historical rental, (iii) the provision of a buffer for possible fluctuations in the rental, (iv) the possible extension of the existing leases and the potential new leases that could be entered into, (v) the historical property management fees and public utility fees paid by the Group, (vi) the estimated property management fees and public utility fees payable by the Group under the Renewed Master Lease Agreement, and (vii) the provision of a buffer for possible adjustments in the property management fees and public utility fees.

The historical transactions entered into with Ningbo Linfeng in respect of lease arrangements have been, and the transactions contemplated under the Renewed Master Lease Agreement will be, entered into in the ordinary and usual course of business of our Company, on normal commercial terms or better. As each of the applicable percentage ratios in respect of the transactions contemplated under the Renewed Master Lease Agreement will, as our Company currently expects, be less than 5% on an annual basis but the total consideration on an annual basis is more than HK\$3 million, the transactions contemplated under the Renewed Master Lease Agreement would, upon Listing, be subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver in relation to the above transactions under Chapter 14A of the Listing Rules.

For further details of the Renewed Master Lease Agreement, please refer to the Company's announcement dated December 31, 2024.

Confirmation from Independent Non-executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, all the independent non-executive Directors have reviewed the aforesaid continuing connected transactions conducted by the Group for the year ended December 31, 2025, and confirmed that the Master Lease Agreement and the Renewed Master Lease Agreement have been entered into: (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the Master Lease Agreement and the Renewed Master Lease Agreement governing them, on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmations from the Company's Independent Auditor

In accordance with Rule 14A.56 of the Listing Rules, the Group has engaged its auditor (the "Auditor") to report on the aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued its unqualified letter containing its findings and conclusions in respect of the aforesaid continuing connected transactions conducted by the Group for the year ended December 31, 2025.

The related party transactions during the Reporting Period as disclosed in Note 31 to the consolidated financial statements in this annual report (excluding the transactions described above) are fully exempt connected transactions or continuing connected transactions pursuant to Rule 14A.76 of the Listing Rules. Save as disclosed above, (i) none of the related party transactions constituted a connected transaction or continuing connected transaction which is subject to the Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules; and (ii) 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 during the Reporting Period. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules (if applicable) in respect of the aforementioned transactions.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As of December 31, 2025, the interests and short positions of the Directors or chief executive of the Company in any of the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director Chief Executive	Capacity/nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company ⁽¹⁾	Approximate percentage of shareholding in the relevant proportion of Shares ⁽²⁾
Mr. ZHU Jun (朱軍) ("Mr. Zhu") ⁽³⁾	Beneficial owner; interest in a controlled corporation	Unlisted Shares	9,721,236	4.07%	10.16%
		H Shares	4,166,244	1.74%	2.90%
Mr. Lv	Beneficial owner; interest in a controlled corporation; interest held jointly with another person	Unlisted Shares	80,434,090	33.64%	84.07%
		H Shares	51,589,766	21.58%	35.97%

Notes:

- (1) The calculation is based on the total number of 239,110,000 Shares in issue as of December 31, 2025.
- (2) The calculation is based on the total number of 95,671,421 Unlisted Shares and 143,438,579 H Shares in issue as of December 31, 2025.
- (3) As of December 31, 2025, Mr. Zhu, our executive Director, beneficially owned 1,030,697 Unlisted Shares and 441,727 H Shares of our Company. As of December 31, 2025, Mr. Zhu owned approximately 38.77% in Ningbo Hongyingkang as one of its limited partners. As such, under the SFO, Mr. Zhu is deemed to be interested in the 8,690,539 Unlisted Shares and 3,724,517 H Shares held by Ningbo Hongyingkang.
- (4) As of December 31, 2025, Mr. Lv beneficially owned 4,373,998 Unlisted Shares and 17,495,990 H Shares of our Company. As of December 31, 2025, Mr. Lv owned approximately 37.22% in Ningbo Maishang as one of its limited partners. As such, under the SFO, Mr. Lv is deemed to be interested in the 8,972,712 Unlisted Shares and 3,845,448 H Shares held by Ningbo Maishang. Further, pursuant to a concert party agreement dated April 26, 2021 entered into by Ms. Li and Mr. Lv, Ms. Li and Mr. Lv confirmed that they have been acting in concert in exercising Shareholders' rights pertaining to our Group (including our Company and Ningbo SensCure) since January 1, 2014, and they have agreed to continue to act in concert and reach consensus on proposals related to the daily management and operation of our Group presented to general meetings of the Shareholders for voting. As of December 31, 2025, Ms. Li beneficially owned 97,600 H Shares of our Company. Further, as of December 31, 2025, Ningbo Linfeng was owned as to 65% by Shanghai Shidi which was in turn wholly owned by Ms. Li. Further, as of December 31, 2025, Ms. Li controlled the executive partner of each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui, namely, Shanghai Shidi Biotechnology Co., Ltd. (上海仕地生物科技有限公司) ("**Shidi Biotechnology**"). Shidi Biotechnology is entitled to exercise the voting power held by each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui in our Company pursuant to their respective partnership agreements. As of December 31, 2025, Tongshang Linfeng Equity Investment Partnership (Limited Partnership) (寧波通商麟澧股權投資合夥企業(有限合夥)) ("**Tongshang Linfeng**") was owned as to approximately 49.02% by Ningbo Linfeng as a limited partner. As such, under the SFO, Ms. Li is also deemed to be interested in the 76,060,092 Unlisted Shares and 33,996,176 H Shares held by Shanghai Shidi, Ningbo Linfeng, Ningbo Maishang, Ningbo Hongyingkang, Ningbo Kangrui and Tongshang Linfeng.

Save as disclosed above, as of December 31, 2025, so far as it was known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to 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 THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As of December 31, 2025, so far as the Directors are aware, the following persons had or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long Positions in the Shares of Our Company

Name of shareholder	Capacity/nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company ⁽¹⁾	Approximate percentage of shareholding in the relevant proportion of Shares ⁽²⁾
Ms. Li Hui (李輝) (" Ms. Li ") ⁽³⁾	Beneficial owner; interest in controlled corporations; interest held jointly with another person; interest of spouse	Unlisted Shares	80,434,090	33.64%	84.07%
		H Shares	59,462,766	24.87%	41.46%
Mr. WU Jianhui (鄔建輝) ⁽³⁾	Beneficial owner; interest of spouse	H Shares	59,462,766	24.87%	41.46%

Name of shareholder	Capacity/nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company ⁽¹⁾	Approximate percentage of shareholding in the relevant proportion of Shares ⁽²⁾
Mr. LV Shiwen (呂世文) ("Mr. Lv") ⁽³⁾	Beneficial owner; interest in a controlled corporation; interest held jointly with another person	Unlisted Shares	80,434,090	33.64%	84.07%
		H Shares	51,589,776	21.58%	35.97%
Ningbo Linfeng Biotechnology Co., Ltd. (寧波麟豐生物科技有限公司) ("Ningbo Linfeng") ⁽⁴⁾	Beneficial owner; interest in controlled corporations	Unlisted Shares	66,058,120	27.63%	69.05%
		H Shares	29,709,616	12.43%	20.71%
Shanghai Shidi Industrial Development Co., Ltd. (上海仕地實業發展有限公司) ("Shanghai Shidi") ⁽⁴⁾⁽⁵⁾	Beneficial owner; interest in controlled corporations	Unlisted Shares	76,060,092	31.81%	79.50%
		H Shares	33,996,176	14.22%	23.70%
Shanghai Shidi Biotechnology Co., Ltd. (上海仕地生物科技有限公司) ("Shidi Biotechnology") ⁽⁴⁾	Interest in controlled corporations	Unlisted Shares	21,519,825	9.00%	22.49%
		H Shares	8,201,783	3.43%	5.72%
Mr. ZHU Jun (朱軍) ("Mr. Zhu") ⁽⁶⁾	Beneficial owner; interest in a controlled corporation	Unlisted Shares	9,721,236	4.07%	10.16%
		H Shares	4,166,244	1.74%	2.90%
Ningbo Maishang Investment L. P. (Limited Partnership) (寧波脈尚投資合夥企業(有限合夥)) ("Ningbo Maishang")	Beneficial owner	Unlisted Shares	8,972,712	3.75%	9.38%
		H Shares	3,845,448	1.61%	2.68%
Ningbo Hongyingkang Enterprise Management Partnership (Limited Partnership) (寧波弘盈康企業管理合夥企業(有限合夥)) ("Ningbo Hongyingkang")	Beneficial owner	Unlisted Shares	8,690,539	3.63%	9.08%
		H Shares	3,724,517	1.56%	2.60%
Zhuhai Junheng Investment L. P. (Limited Partnership) (珠海鈞恒投資合夥企業(有限合夥)) ("Junheng") ⁽⁷⁾	Beneficial owner	Unlisted Shares	9,669,480	4.04%	10.11%
		H Shares	9,647,080	4.03%	6.73%
Shenzhen Gao Ling Tiancheng III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司) ⁽⁷⁾	Interest in controlled corporations	Unlisted Shares	9,669,480	4.04%	10.11%
		H Shares	9,647,080	4.03%	6.73%
Ms. ZHANG Haiyan (張海燕) ⁽⁷⁾	Interest in controlled corporations	Unlisted Shares	13,537,272	5.66%	14.15%
		H Shares	5,801,688	2.43%	4.04%
Shenzhen Gao Ling Muqi Equity Investment Fund L. P. (Limited Partnership) (深圳高瓴慕祺股權投資基金合夥企業(有限合夥)) ⁽⁷⁾	Interest in controlled corporations	Unlisted Shares	13,537,272	5.66%	14.15%
		H Shares	5,801,688	2.43%	4.04%

Name of shareholder	Capacity/nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company ⁽¹⁾	Approximate percentage of shareholding in the relevant proportion of Shares ⁽²⁾
Xiamen Gao Ling Ruiqi Equity Investment Fund L. P. (Limited Partnership) (廈門高領瑞祺股權投資基金合夥企業(有限合夥)) ⁽⁷⁾	Interest in controlled corporations	Unlisted Shares	13,537,272	5.66%	14.15%
		H Shares	5,801,688	2.43%	4.04%
Suzhou Industrial Park New Phase 2 Venture Capital Enterprise (Limited Partnership) (蘇州工業園區新建元二期創業投資企業(有限合夥)) ("Suzhou New Phase 2 VC") ⁽⁸⁾	Beneficial owner	H Shares	12,283,500	5.14%	8.56%
Suzhou YuanBio Private Equity Fund Management Partnership Enterprise (Limited Partnership) (蘇州元生私募基金管理合夥企業(有限合夥)) ⁽⁸⁾	Interest in controlled corporations	H Shares	12,283,500	5.14%	8.56%
Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. (蘇州工業園區智諾商務信息諮詢有限公司) ⁽⁸⁾	Interest in controlled corporations	H Shares	12,283,500	5.14%	8.56%
Mr. CHEN Jie (陳杰) ⁽⁸⁾	Interest in controlled corporations	H Shares	12,283,500	5.14%	8.56%
Hangzhou Proxima Venture Investment L. P. (Limited Partnership) (杭州比鄰星創業投資合夥企業(有限合夥)) ("Hangzhou Proxima") ⁽⁹⁾	Beneficial owner	H Shares	8,047,944	3.37%	5.61%
Mr. SUN Xiaolu (孫曉路) ⁽⁹⁾	Interest in controlled corporations	Unlisted Shares	3,782,406	1.58%	3.95%
		H Shares	11,830,350	4.95%	8.25%
Hangzhou Proxima Innovative Investment Management L. P. (Limited Partnership) (杭州比鄰星創新投資管理合夥企業(有限合夥)) ⁽⁹⁾	Interest in controlled corporations	Unlisted Shares	3,782,406	1.58%	3.95%
		H Shares	11,830,350	4.95%	8.25%
Shanghai Proxima Asset Management Co., Ltd. (上海比鄰星資產管理有限公司) ⁽⁹⁾	Interest in controlled corporations	Unlisted Shares	3,782,406	1.58%	3.95%
		H Shares	11,830,350	4.95%	8.25%
FutureX Investment I Company Limited ⁽¹⁰⁾	Beneficial owner	H Shares	7,963,128	3.33%	5.55%

Name of shareholder	Capacity/nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company ⁽¹⁾	Approximate percentage of shareholding in the relevant proportion of Shares ⁽²⁾
FutureX Capital Limited ⁽¹⁰⁾	Interest in controlled corporations	H Shares	7,963,128	3.33%	5.55%
FutureX Fund Management (Hong Kong) Limited ⁽¹⁰⁾	Investment manager	H Shares	7,963,128	3.33%	5.55%
FutureX ICT Opportunity Fund II LP ⁽¹⁰⁾	Interest in controlled Corporations	H Shares	7,963,128	3.33%	5.55%
FutureX Innovation II Limited ⁽¹⁰⁾	Interest in controlled corporations	H Shares	7,963,128	3.33%	5.55%
Ms. ZHANG Qian (張倩) ⁽¹⁰⁾	Interest in controlled corporations	H Shares	7,963,128	3.33%	5.55%
Shengshan Asset Management (Shanghai) Co., Ltd. (盛山資產管理(上海)有限公司) ⁽¹¹⁾	Interest in controlled corporations	H Shares	6,072,552	2.54%	4.23%
Mr. GAN Shixiong (甘世雄) ⁽¹¹⁾	Interest in controlled corporations	H Shares	6,072,552	2.54%	4.23%

Notes:

- (1) The calculation is based on the total number of 239,110,000 Shares in issue as of December 31, 2025.
- (2) The calculation is based on the total number of 95,671,421 Unlisted Shares and 143,438,579 H Shares in issue as of December 31, 2025.
- (3) Pursuant to a concert party agreement dated April 26, 2021 entered into by Ms. Li and Mr. Lv, Ms. Li and Mr. Lv confirmed that they have been acting in concert in exercising Shareholders' rights pertaining to our Group (including our Company and Ningbo SensCure) since January 1, 2014, and they have agreed to continue to act in concert and reach consensus on proposals related to the daily management and operation of our Group presented to general meetings of the Shareholders for voting. As of December 31, 2025, Mr. Lv beneficially owned 4,373,998 Unlisted Shares and 17,495,990 H Shares of our Company. As of December 31, 2025, Mr. Lv owned approximately 37.22% in Ningbo Maishang as one of its limited partners. As such, under the SFO, Mr. Lv is deemed to be interested in the 8,972,712 Unlisted Shares and 3,845,448 H Shares held by Ningbo Maishang. As of December 31, 2025, Ms. Li beneficially owned 97,600 H Shares of our Company. Further, as of December 31, 2025, Ningbo Linfeng was owned as to 65% by Shanghai Shidi which was in turn wholly owned by Ms. Li. Further, as of December 31, 2025, Ms. Li controlled the executive partner of each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui Investment Management Partnership (Limited Partnership) (寧波康銳投資管理合夥企業(有限合夥)) ("**Ningbo Kangrui**"), namely, Shidi Biotechnology. Shidi Biotechnology is entitled to exercise the voting power held by each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui in our Company pursuant to their respective partnership agreements. As of December 31, 2025, Tongshang Linfeng Equity Investment Partnership (Limited Partnership) (寧波通商麟豐股權投資合夥企業(有限合夥)) ("**Tongshang Linfeng**") was owned as to approximately 49.02% by Ningbo Linfeng as a limited partner. As of December 31, 2025, Mr. WU Jianhui (鄔建輝), the spouse of Ms. Li, owned 7,873,000 H Shares of our Company. As such, under the SFO, Ms. Li is deemed to be interested in the 76,060,092 Unlisted Shares and 41,869,176 H Shares held by Shanghai Shidi, Ningbo Linfeng, Ningbo Maishang, Ningbo Hongyingkang, Ningbo Kangrui, Tongshang Linfeng and Mr. WU Jianhui (鄔建輝).

- (4) As of December 31, 2025, Ningbo Linfeng beneficially owned 44,538,295 Unlisted Shares and 19,087,841 H Shares of our Company. As of December 31, 2025, the executive partner of each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui, namely, Shidi Biotechnology, is wholly owned by Ningbo Linfeng. Shidi Biotechnology is entitled to exercise the voting power held by each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui in our Company pursuant to their respective partnership agreements. As such, under the SFO, Shidi Biotechnology and Ningbo Linfeng are deemed to be interested in the 21,519,825 Unlisted Shares and 8,201,783 H Shares held by Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui. Further, as of December 31, 2025, Tongshang Linfeng was owned as to approximately 49.02% by Ningbo Linfeng as a limited partner. As such, under the SFO, Ningbo Linfeng is also deemed to be interested in the 2,419,992 H Shares held by Tongshang Linfeng.
- (5) As of December 31, 2025, Shanghai Shidi beneficially owned 10,001,972 Unlisted Shares and 4,286,560 H Shares of our Company. As of December 31, 2025, Ningbo Linfeng was owned as to 65% by Shanghai Shidi. As such, under the SFO, Shanghai Shidi is deemed to be interested in the 66,058,120 Unlisted Shares and 29,709,616 H Shares held by Ningbo Linfeng, Ningbo Maishang, Ningbo Hongyingkang, Ningbo Kangrui and Tongshang Linfeng.
- (6) As of December 31, 2025, Mr. Zhu, our executive Director, beneficially owned 1,030,697 Unlisted Shares and 441,727 H Shares of our Company. As of December 31, 2025, Mr. Zhu owned approximately 38.77% in Ningbo Hongyingkang as one of its limited partners. As such, under the SFO, Mr. Zhu is deemed to be interested in the 8,690,539 Unlisted Shares and 3,724,517 H Shares held by Ningbo Hongyingkang.
- (7) Junheng is a limited partnership established in the PRC, whose general manager is Shenzhen Gao Ling Tiancheng III Investment Co., Ltd. (深圳高領天成三期投資有限公司), which is owned as to 55% by Ms. ZHANG Haiyan (張海燕). Further, Junheng is owned as to approximately 50.11% and 36.42% by its limited partners, Shenzhen Gao Ling Muqi Equity Investment Fund L.P. (Limited Partnership) (深圳高領慕祺股權投資基金合夥企業(有限合夥)) and Xiamen Gao Ling Ruiqi Equity Investment Fund L.P. (Limited Partnership) (廈門高領瑞祺股權投資基金合夥企業(有限合夥)), respectively. As such, under the SFO, Shenzhen Gao Ling Tiancheng III Investment Co., Ltd. (深圳高領天成三期投資有限公司), Ms. ZHANG Haiyan (張海燕), Shenzhen Gao Ling Muqi Equity Investment Fund L.P. (Limited Partnership) (深圳高領慕祺股權投資基金合夥企業(有限合夥)) and Xiamen Gao Ling Ruiqi Equity Investment Fund L.P. (Limited Partnership) (廈門高領瑞祺股權投資基金合夥企業(有限合夥)) are deemed to be interested in the 9,669,480 Unlisted Shares and 9,647,080 H Shares held by Junheng.
- (8) Suzhou New Phase 2 VC is a limited partnership established in the PRC, which is managed by its general partner, Suzhou YuanBio Private Equity Fund Management Partnership Enterprise (Limited Partnership) (蘇州元生私募基金管理合夥企業(有限合夥)), whose general partner is Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. (蘇州工業園區智諾商務信息諮詢有限公司), which is owned as to 99% by Mr. CHEN Jie (陳杰). As such, under the SFO, Suzhou YuanBio Private Equity Fund Management Partnership Enterprise (Limited Partnership) (蘇州元生私募基金管理合夥企業(有限合夥)), Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. (蘇州工業園區智諾商務信息諮詢有限公司) and Mr. CHEN Jie (陳杰) are deemed to be interested in the 12,283,500 H Shares held by Suzhou New Phase 2 VC.
- (9) Each of Hangzhou Proxima and Suzhou Proxima Venture Investment L.P. (Limited Partnership) (蘇州比鄰星創業投資合夥企業(有限合夥)) (“**Suzhou Proxima**”) is a limited partnership established in the PRC and is managed by its general partner, Hangzhou Proxima Innovative Investment Management L.P. (Limited Partnership) (杭州比鄰星創新投資管理合夥企業(有限合夥)), whose general partner is Shanghai Proxima Asset Management Co., Ltd. (上海比鄰星資產管理有限公司), which is owned as to 90% by Mr. SUN Xiaolu (孫曉路), our former non-executive Director. As such, under the SFO, Hangzhou Proxima Innovative Investment Management L.P. (Limited Partnership) (杭州比鄰星創新投資管理合夥企業(有限合夥)), Shanghai Proxima Asset Management Co., Ltd. (上海比鄰星資產管理有限公司) and Mr. SUN Xiaolu (孫曉路) are deemed to be interested in 3,782,406 Unlisted Shares and 11,830,350 H Shares held by Hangzhou Proxima and Suzhou Proxima.
- (10) FutureX Investment I Company Limited is a limited company incorporated in Hong Kong and is wholly owned by FutureX ICT Opportunity Fund II LP, whose general partner is FutureX Innovation II Limited, which is in turn indirectly wholly owned by Ms. ZHANG Qian (張倩). FutureX Fund Management (Hong Kong) Limited is the Investment Manager of FutureX ICT Opportunity Fund II LP. FutureX Fund Management (Hong Kong) Limited is a limited company incorporated in Hong Kong and is wholly owned by FutureX Capital Limited, which is in turn indirectly wholly owned by Ms. ZHANG Qian (張倩). As such, under the SFO, FutureX ICT Opportunity Fund II LP, FutureX Innovation II Limited, FutureX Fund Management (Hong Kong) Limited, FutureX Capital Limited and Ms. ZHANG Qian (張倩) are deemed to be interested in the 7,963,128 H Shares held by FutureX Investment I Company Limited.
- (11) Shanghai Shengshan Xingqian Venture Capital Center (Limited Partnership) (上海盛山興錢創業投資中心(有限合夥)) (“**Shengshan Xingqian**”) is a limited partnership established in the PRC and is managed by its general partner, Shengshan Asset Management (Shanghai) Co., Ltd. (盛山資產管理(上海)有限公司) (“**Shengshan Asset Management**”). Suzhou Shengshan Huiying Venture Capital Enterprise (Limited Partnership) (蘇州盛山惠贏創業投資企業(有限合夥)) (“**Shengshan Huiying**”) is a limited partnership established in the PRC and is managed by its general partner, Suzhou Shengshan Chuanghe Venture Capital Center (Limited Partnership) (蘇州盛山創禾創業投資中心(有限合夥)) whose general partner is Shengshan Asset Management. Shengshan Asset Management is owned as to 51% by Mr. GAN Shixiong (甘世雄). As such, under the SFO, Shengshan Asset Management and Mr. GAN Shixiong (甘世雄) are deemed to be interested in the 6,072,552 H Shares held by Shengshan Xingqian and Shengshan Huiying.

Save as disclosed above, as of December 31, 2025, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company, other than the Directors and chief executive of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares nor require the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the year or subsisted at the end of the Reporting Period.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2025. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the year ended December 31, 2025.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended December 31, 2025 and details of the Shares issued during the year ended December 31, 2025 are set out in Note 26 to the consolidated financial statements in this annual report.

DEBENTURES ISSUED

The Group did not issue any debenture during the year ended December 31, 2025.

BANK LOANS AND OTHER BORROWINGS

As of December 31, 2025, the Group had total bank loans of RMB13.1 million denominated in RMB at fixed annual interest rate. The annual interest rate of RMB3.1 million is 2.80%, and the rest amount is 3.5%. Details of the bank borrowings of the Group as at December 31, 2025 are set out in Note 23 to the consolidated financial statements in this annual report.

CONVERTIBLE BONDS

As of December 31, 2025, the Company has not issued any convertible bonds.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

As of December 31, 2025, the Company has not entered into any loan agreement which contains covenants requiring specific performance of the controlling shareholders.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended December 31, 2025 (2024: nil).

There is no arrangement under which a Shareholder has waived or agreed to waive any dividend.

PERMITTED INDEMNITY

Directors and senior management's liability insurance is currently in place and was in place for the directors and senior management of the Company and its subsidiaries in respect of potential costs and liabilities arising from claims that may be brought against the directors and senior management during the Reporting Period.

DISTRIBUTABLE RESERVES

As of December 31, 2025, the Company did not have any distributable reserves.

CHARITABLE DONATIONS

During the year ended December 31, 2025, the Group did not make any charitable donations (2024: nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 13 to the consolidated financial statements in this annual report.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 1 to the consolidated financial statements in this annual report.

CORPORATE GOVERNANCE

A report on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 29 to 46 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available and within the knowledge of the Directors, the Company has maintained the prescribed public float as required under the Listing Rules as at the date of this annual report.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities.

FINANCIAL SUMMARY

The Company's H Shares were listed on the Stock Exchange on December 30, 2022. A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years, is set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

AUDITOR

The H Shares were listed on the Stock Exchange on December 30, 2022, and there has been no change in auditors since the Listing Date. The consolidated financial statements for the year ended December 31, 2025 have been prepared by Ernst & Young, the auditor of the Company, who will retire at the conclusion of the AGM and being eligible, offer itself for reappointment. A resolution for the re-appointment of by Ernst & Young as the auditor of the Company will be proposed at the AGM.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

EVENTS AFTER THE REPORTING PERIOD

On January 12, 2026, the Company entered into the subscription agreement (the “**Subscription Agreement A**”) with LP Investment Holdings Group (the “**Subscriber A**”) and the subscription agreement (the “**Subscription Agreement B**”, together with the Subscription Agreement A, the “**Subscription Agreements**”) with Mr. LI Jun (麗軍) (the “**Subscriber B**”, together with the Subscriber A, the “**Subscribers**”), pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for an aggregate of 7,460,000 H Shares (the “**Subscription Shares**”) at the subscription price of HK\$5.36 (the “**Subscription Price**”) per Subscription Share, representing (i) approximately 5.20% of the number of existing issued H Shares and approximately 3.12% of the number of existing issued Shares as at the date of the Subscription Agreements; and (ii) approximately 4.94% of the number of issued H Shares and approximately 3.03% of the number of existing issued Shares as enlarged by the allotment and issue of the Subscription Shares (the “**Subscriptions**”). The Subscription Agreements were not inter-conditional upon each other.

The Subscription Shares were allotted and issued under the General Mandate. The allotment and issue of the Subscription Shares was not subject to separate Shareholders’ approval.

The aggregate gross proceeds from the Subscriptions were approximately HK\$39.99 million and the net proceeds would be approximately HK\$39.73 million (after deduction of the expenses of the Subscriptions), which represented the net issue price of approximately HK\$5.33 per Subscription Share.

On January 30, 2026, the Board announced that all the conditions of the Subscription Agreement A have been fulfilled and the completion of the transactions under the Subscription Agreement A took place on January 30, 2026. A total of 5,595,000 Subscription Shares has been successfully issued and allotted to Subscriber A at the Subscription Price of HK\$5.36 per Subscription Share. The 5,595,000 Subscription Shares represented (i) approximately 3.90% of the number of issued H Shares and approximately 2.34% of the number of existing issued Shares immediately before the completion of the Subscription Agreement A; and (ii) approximately 3.75% of the number of issued H Shares and approximately 2.29% of the number of existing issued Shares as enlarged by the allotment and issue of the 5,595,000 Subscription Shares immediately upon the completion of the Subscription Agreement A. On the same date, the Subscriber B and the Company entered into a termination agreement (the “**Termination Agreement**”) in order to terminate the Subscription Agreement B. Pursuant to the Termination Agreement, the parties to the Subscription Agreement B shall be released and discharged from their respective obligations under the Subscription Agreement B and neither party shall have any claim against the other for any matters arising from or in relation to the Subscription Agreement B.

As the Subscription Agreement B has been terminated, the gross proceeds raised from the Subscription Agreement A were approximately HK\$29.99 million, and the net proceeds were approximately HK\$29.73 million. The net Subscription Price, after deduction of all related expenses, was approximately HK\$5.31 per Subscription Share. All the net proceeds are intended to be used for research and development, manufacturing and commercialization of minimally-invasive interventional products related to vascular intervention, respiratory intervention, and cancer intervention, and the potential overseas business expansion for the commercialization of such products.

Further details of the Subscriptions were set out in the announcements of the Company dated January 12, 2026 and January 30, 2026, respectively.

As at the date of this annual report, none of the net proceeds from the Subscription Agreement A has been utilized and there is no change in the intended use net proceeds. The Company expects such net proceeds shall be utilized by December 31, 2027. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company and remains subject to change based on current and future development of market conditions and actual business needs.

By Order of the Board
Cryofocus Medtech (Shanghai) Co., Ltd.
Mr. LI Kejian
Chairman of the Board

Hong Kong, March 27, 2026

Independent Auditor's Report



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To the shareholders of CRYOFOCUS MEDTECH (SHANGHAI) CO., LTD.

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

OPINION

We have audited the consolidated financial statements of Cryofocus Medtech (Shanghai) Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 129 to 185, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<p><i>Recognition and Measurement of Research and Development Costs ("R&D costs")</i></p> <p>The Group incurred R&D costs of RMB30,438,000 in the consolidated financial statements for the year ended 31 December 2025, mainly consisting of staff costs, cost of materials and consumables, and service fees paid to contract research organisations, clinical site management operators and clinical trial centres (collectively referred to as "Outsourced Service Providers").</p> <p>We identified the recognition and measurement of R&D costs as a key audit matter due to its significant amount and risk of R&D-related staff costs, third-party contracting costs and cost of materials and consumables not being accurately recognised.</p> <p>The accounting policy and the disclosure for significant accounting judgement related to R&D expenses have been disclosed in notes 2.4, 3 and 6 to financial statements.</p>	<ul style="list-style-type: none"> • We obtained an understanding of the key internal controls related to the Group's R&D recognition and measurement process. • We evaluated the accrual and allocation of R&D-related staff costs by checking to the working time records maintained by the R&D department. • We reviewed the R&D-related costs of materials and consumables by inspecting, on a sample basis, the purchase orders, payment slips, materials requisition and other supporting documents of materials and consumables. • We reviewed the key terms set out in the agreements with the Outsourced Service Providers, and we evaluated the progress of R&D projects based on inquiry with project managers, inspection of supporting documents and obtaining confirmations from the Outsourced Service Providers, on a sample basis. • We performed analytical procedures for R&D expenses, inquired about the reasons and reasonableness of various cost fluctuations of each R&D project; and also performed cut off procedures to determine whether these costs were recorded in the appropriate reporting period.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is CHEUNG, Fuk Yuet, (practising certificate number: P08224).

Certified Public Accountants
Hong Kong

27 March 2026

Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
REVENUE	5	95,268	53,531
Cost of sales		(31,284)	(15,121)
Gross profit		63,984	38,410
Other income and gains	5	1,125	20,733
Research and development expenses		(30,438)	(73,455)
Selling and distribution expenses		(16,291)	(14,130)
Administrative expenses		(60,685)	(81,151)
Other expenses		(199)	(461)
Finance costs	7	(1,952)	(1,089)
LOSS BEFORE TAX	6	(44,456)	(111,143)
Income tax expense	10	–	(134)
LOSS FOR THE YEAR		(44,456)	(111,277)
Attributable to:			
Owners of the parent		(38,169)	(104,365)
Non-controlling interests		(6,287)	(6,912)
		(44,456)	(111,277)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For loss for the year	12	RMB(0.16)	RMB(0.44)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
LOSS FOR THE YEAR	(44,456)	(111,277)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(49)	216
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(49)	216
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(44,505)	(111,061)
Attributable to:		
Owners of the parent	(38,218)	(104,149)
Non-controlling interests	(6,287)	(6,912)
	(44,505)	(111,061)

Consolidated Statement of Financial Position

31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	13	25,130	30,436
Right-of-use assets	14	6,206	8,184
Other intangible assets	15	–	3
Other non-current assets	16	14,893	12,465
Total non-current assets		46,229	51,088
CURRENT ASSETS			
Inventories	17	32,878	29,872
Trade receivables	18	–	–
Prepayments, other receivables and other assets	19	23,317	22,828
Restricted cash	20	–	1
Cash and cash equivalents	20	35,033	45,458
Total current assets		91,228	98,159
CURRENT LIABILITIES			
Trade payables	21	2,491	1,205
Other payables and accruals	22	34,879	21,841
Interest-bearing bank borrowings	23	13,130	30,000
Lease liabilities	14	9,351	5,604
Contract liabilities	25	389	1,165
Total current liabilities		60,240	59,815
NET CURRENT ASSETS		30,988	38,344
TOTAL ASSETS LESS CURRENT LIABILITIES		77,217	89,432
NON-CURRENT LIABILITIES			
Due to a related party	31	16,910	–
Lease liabilities	14	3,719	7,720
Deferred income	24	8,055	2,781
Total non-current liabilities		28,684	10,501
NET ASSETS		48,533	78,931
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	239,110	239,110
Reserves	27	(189,373)	(165,262)
		49,737	73,848
Non-controlling interests		(1,204)	5,083
Total equity		48,533	78,931

Mr. Li Kejian
Director

Mr. Zhu Jun
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium*	Exchange fluctuation reserve*	Share option reserve*	Accumulated losses*	Total		
	(note 26) RMB'000	(note 27) RMB'000	(note 27) RMB'000	(note 28) RMB'000	RMB'000	RMB'000		
As at 1 January 2025	239,110	299,768	127	270,170	(735,327)	73,848	5,083	78,931
Loss for the year	-	-	-	-	(38,169)	(38,169)	(6,287)	(44,456)
Other comprehensive loss for the year:								
Exchange differences related to foreign operations	-	-	(49)	-	-	(49)	-	(49)
Total comprehensive loss for the year	-	-	(49)	-	(38,169)	(38,218)	(6,287)	(44,505)
Equity-settled share option arrangements (note 28)	-	-	-	14,107	-	14,107	-	14,107
As at 31 December 2025	239,110	299,768	78	284,277	(773,496)	49,737	(1,204)	48,533

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium*	Exchange fluctuation reserve*	Share option reserve*	Accumulated losses*	Total		
	(note 26) RMB'000	(note 27) RMB'000	(note 27) RMB'000	(note 28) RMB'000	RMB'000	RMB'000		
As at 1 January 2024	239,110	299,768	(89)	253,638	(630,962)	161,465	11,995	173,460
Loss for the year	-	-	-	-	(104,365)	(104,365)	(6,912)	(111,277)
Other comprehensive income for the year:								
Exchange differences related to foreign operations	-	-	216	-	-	216	-	216
Total comprehensive loss for the year	-	-	216	-	(104,365)	(104,149)	(6,912)	(111,061)
Equity-settled share option arrangements (note 28)	-	-	-	16,532	-	16,532	-	16,532
As at 31 December 2024	239,110	299,768	127	270,170	(735,327)	73,848	5,083	78,931

* These reserve accounts comprise the consolidated reserves of negative RMB189,373,000 (2024: negative RMB165,262,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(44,456)	(111,143)
Adjustments for:			
Finance costs	7	1,952	1,089
Depreciation of property, plant and equipment	13	6,049	6,264
Amortisation of other intangible assets	15	3	19
Depreciation of right-of-use assets	14	3,210	5,573
(Reversal of impairment losses)/Impairment losses on other receivables		(330)	281
Impairment of property, plant and equipment		–	6,383
Impairment of right-of-use assets		–	2,937
Foreign exchange difference, net		119	(1,160)
Loss on disposal of items of property, plant and equipment	13	58	6
Loss on termination and revision of leases		526	176
Equity-settled share option arrangements		14,107	16,532
Write-down of inventories to net realisable value		143	247
		(18,539)	(72,796)
Increase in inventories		(3,149)	(5,765)
Increase in prepayments, other receivables and other assets		(2,717)	(3,734)
Increase in trade payables		1,286	299
Increase/(decrease) in other payables and accruals		12,800	(2,985)
Increase in deferred income		5,274	1,966
(Decrease)/increase in contract liabilities		(776)	173
Decrease in restricted cash		1	70
Cash used in operations		(5,820)	(82,772)
Income tax paid		–	(134)
Net cash flows used in operating activities		(5,820)	(82,906)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	13	(770)	(1,880)
Net cash flows used in investing activities		(770)	(1,880)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans	23	13,130	35,740
Repayment of bank loans	23	(30,000)	(5,740)
New loans from related parties	31	61,848	–
Repayment of loans from a related party	31	(45,000)	–
Principal portion of lease payments	14	(2,339)	(4,145)
Interest paid		(896)	(389)
Net cash flows (used in)/from financing activities		(3,257)	25,466
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(9,847)	(59,320)
Cash and cash equivalents at beginning of year		45,458	103,402
Effect of foreign exchange rate changes, net		(578)	1,376
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		35,033	45,458

Notes to Financial Statements

Year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION

Cryofocus Medtech (Shanghai) Co., Ltd. (the “Company”) is a joint stock company with limited liability established in the People’s Republic of China (“PRC”). The registered office of the Company is located at Building 15, Lane 3399, Kangxin Road, Pudong New District, Shanghai, the PRC.

During the year, the Group was principally engaged in the following activities:

- research and development, manufacture and sale of cryoablation minimally-invasive interventional treatment technology and related medical products
- manufacture and sale of minimally-invasive surgical consumables

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 30 December 2022.

Information about subsidiaries

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

Name	Place and date of incorporation/registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Ningbo SensCure Biotechnology Co., Ltd. (“SensCure”) (寧波勝傑康生物科技有限公司)*	People’s Republic of China (“PRC”)/ Chinese mainland 28 September 2011	RMB60,000,000	100%	–	Research and development of technology and manufacture and sale of related products
Cryofocus America Inc.*	California, The United States of America 4 January 2018	USD1,000,000	100%	–	Research and development of cryoablation medical devices and provision of related technical consultation service
Beijifeng Biotechnology (Shanghai) Co., Ltd. (北極豐生物科技(上海)有限公司)*	PRC/Chinese mainland 9 April 2021	RMB41,765,000	71.83%	–	Research and development of technology and manufacture and sale of related products
Huifeng Biotechnology (Shanghai) Co., Ltd. (輝豐生物科技(上海)有限公司)*	PRC/Chinese mainland 9 April 2021	RMB79,208,000	50.50%	–	Research and development of technology and manufacture and sale of related products
Ningbo Beijifeng Biotechnology Co., Ltd. (寧波北極豐生物科技有限公司)*	PRC/Chinese mainland 16 November 2022	RMB20,000,000	–	71.83%	Manufacture of medical devices and sale of related products
Ningbo Huifeng Biotechnology Co., Ltd. (寧波輝豐生物科技有限公司)*	PRC/Chinese mainland 14 November 2022	RMB30,000,000	–	50.50%	Manufacture of medical devices and sale of related products
Jadefeng Medtech (Shanghai) Co., Ltd. (迦德豐生物科技(上海)有限公司)*	PRC/Chinese mainland 7 July 2023	RMB10,000,000	100%	–	Research and development of technology and manufacture and sale of related products
Ningbo Shengjielong Medical Equipment Co., Ltd (寧波勝傑隆醫療器材有限公司)*	PRC/Chinese mainland 17 June 2016	RMB3,000,000	–	100.00%	Sale of medical devices

* These entities are limited liability enterprises established under PRC law, except for Cryofocus America Inc.

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

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

2. ACCOUNTING POLICIES

2.1 Basis of preparation

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

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

2.2 Changes in accounting policies and disclosures

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

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not yet effective HKFRS Accounting Standards

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

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

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

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

³ No mandatory effective date yet determined but available for adoption

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

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not yet effective HKFRS Accounting Standards *(Continued)*

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

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

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not yet effective HKFRS Accounting Standards *(Continued)*

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

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not yet effective HKFRS Accounting Standards *(Continued)*

- **HKFRS 10 Consolidated Financial Statements:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 Statement of Cash Flows:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 Material accounting policies Fair value measurement

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Impairment of non-financial assets

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

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

or

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Related parties *(Continued)*

A party is considered to be related to the Group if: *(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;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Buildings	5%
Plant and machinery	20%
Motor vehicles	20%
Office equipment	20%
Leasehold improvements	20% to 33%

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

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

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 the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The 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.

Below intangible assets is amortised on the straight-line basis over the following useful economic life:

Software	5 years
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Research and development costs

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

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

Leases

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Leases *(Continued)*

Group as a lessee

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

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and 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 term and the estimated useful lives of the asset, as follows:

Buildings	2 to 5 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of any building (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be low value.

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

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

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

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Investments and other financial assets *(Continued)*

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 the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Impairment of financial assets *(Continued)*

General approach

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

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

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

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

Simplified approach

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade payables, other payables and accruals, due to a related party and interest-bearing bank borrowings.

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Provisions

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

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

Income tax

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Reporting Period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Income tax *(Continued)*

- 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.

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.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

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

(a) Sale of medical consumables and devices

Revenue from the sale of medical consumables and devices is recognised at the point in time when the control of the asset is transferred to the customers, generally on delivery of the medical consumables.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Other income

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

Contract liabilities

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

Share based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share option scheme, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees for share grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 28 to the financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Share based payments *(Continued)*

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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

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

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

Other employee benefits

Pension scheme

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

Events after the Reporting Period

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Dividends

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

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 the statement of 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.

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.

The functional currency of certain overseas subsidiary is currency other than the RMB. As at the end of the Reporting Period, the assets and liabilities of this entity are translated into RMB at the exchange rate prevailing at the end of the Reporting Period and that statement of profit or loss is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

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. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Reporting Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details are included in note 10.

Share option scheme

The Group has set up the share compensation plan for the Company's directors and the Group's employees.

Estimating fair value for share option scheme transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the volatility, risk-free interest rate and exercise multiple and making assumptions about them.

For the measure for the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share option scheme transactions are disclosed in note 28.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Reporting Period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows.

4. OPERATING SEGMENT INFORMATION

Operating segment information

The Group is engaged in research and development of medical consumables and devices, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

Since nearly all of the Group's revenue was generated from the sale of medical consumables and devices in Chinese mainland and nearly all of the Group's non-current assets were located in Chinese mainland, no further geographical segment information in accordance with HKFRS 8 *Operating Segments* is presented.

Information about major customers

Revenue of approximately RMB4,487,000 (2024: RMB2,784,000) was derived from the sale of medical consumables and devices to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
<i>Revenue from contracts with customers</i>		
Sale of medical devices and consumables	95,268	53,531

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Goods transferred at a point in time	95,268	53,531

5. REVENUE, OTHER INCOME AND GAINS *(Continued)***Revenue from contracts with customers** *(Continued)***(a) Disaggregated revenue information** *(Continued)*

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

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the Reporting Period:		
Medical consumables	1,165	964

(b) Performance obligations

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

Sale of medical consumables and devices

The performance obligation is satisfied upon delivery of the medical consumables and devices, where payment in advance is normally required.

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
Other income		
Government grants (note)	333	19,271
Bank interest income	85	227
Others	707	75
	1,125	19,573
Gains		
Foreign exchange differences, net	–	1,160
	1,125	20,733

Note: There are no unfulfilled conditions or contingencies relating to these grants.

6. LOSS BEFORE TAX

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

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories sold		31,284	15,121
Depreciation of property, plant and equipment	13	6,049	6,264
Amortisation of other intangible assets	15	3	19
Depreciation of right-of-use assets	14	3,210	5,573
Research and development expenses		30,438	73,455
Lease payments not included in the measurement of lease liabilities	14	313	526
Auditor's remuneration		1,950	1,950
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		47,264	64,819
Pension scheme contributions*		7,941	14,661
Equity-settled share option arrangements		14,107	16,532
Foreign exchange differences, net	5	199	(1,160)
Write-down of inventories to net realisable value		143	247
(Reversal of impairment losses)/Impairment losses on other receivables	19	(330)	281
Impairment of property, plant and equipment	13	–	6,383
Impairment of right-of-use assets	14	–	2,937

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank loans and other loans	1,625	389
Interest on lease liabilities	327	700
Total	1,952	1,089

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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other emoluments:		
Salaries, allowances and benefits in kind	4,569	4,295
Equity-settled share option arrangements	10,209	10,209
Pension scheme contributions	409	442
Total	15,187	14,946

In the prior years, equity-settled share options were granted to Mr. Qiu Junkang, Mr. Zhu Jun and Mr. Liu Wei in respect of their services to the Group, further details of which are set out in note 28 to the financial statements. The fair value of such share option, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Dr. Gao Dayong	280	280
Mr. Liang Hsien Tse Joseph	200	200
Dr. Qin Zheng	200	200
Dr. Hu Henan	200	200
	880	880

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

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)***(b) Executive directors, non-executive directors and chief executive**

2025	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Equity-settled share option expense <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Executive directors:					
Mr. Li Kejian	-	-	-	-	-
Mr. Zhu Jun	-	2,312	147	9,609	12,068
Mr. Liu Wei	-	1,035	147	580	1,762
	-	3,347	294	10,189	13,830
Non-executive directors:					
Mr. Lv Shiwen	-	-	-	-	-
Mr. Zhao Chunsheng	-	-	-	-	-
	-	-	-	-	-
Supervisors:					
Ms. Li Jiawei (a)	-	176	61	-	237
Mr. Qiu Junkang (b)	-	166	54	20	240
Mr. Zhu Haorong (b)	-	-	-	-	-
	-	342	115	20	477
	-	3,689	409	10,209	14,307

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)***(b) Executive directors, non-executive directors and chief executive** *(Continued)*

2024	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Equity-settled share option expense <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Executive directors:					
Mr. Li Kejian	-	-	-	-	-
Mr. Zhu Jun	-	2,121	145	9,609	11,875
Mr. Liu Wei	-	890	145	580	1,615
	-	3,011	290	10,189	13,490
Non-executive directors:					
Mr. Lv Shiwen	-	-	-	-	-
Mr. Zhao Chunsheng	-	-	-	-	-
	-	-	-	-	-
Supervisors:					
Ms. Li Jiawei (a)	-	256	96	-	352
Mr. Qiu Junkang (b)	-	148	56	20	224
Mr. Zhu Haorong (b)	-	-	-	-	-
	-	404	152	20	576
	-	3,415	442	10,209	14,066

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

Notes:

- (a) Ms. Li Jiawei was appointed as a supervisor of the Company in May 2023, and resigned in August 2025.
- (b) Following the 2025 Annual General Meeting of Shareholders, the Board of Supervisors was abolished in accordance with the Company's governance structure and relevant regulatory requirements. As of the date of the Extraordinary General Meeting of Shareholders held on 31 October 2025, all former supervisors have formally vacated their positions.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors including the chief executive (2024: two directors including the chief executive), details of whose remuneration is set out in note 8 above. Details of the remuneration for the year of the remaining three (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, allowances, and benefits in kind	3,230	3,018
Equity-settled share option arrangements	1,388	2,025
Pension scheme contributions	402	391
Total	5,020	5,434

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

	Number of employees	
	2025	2024
HKD1,000,001 to HKD1,500,000	2	2
HKD2,000,001 to HKD2,500,000	1	1
Total	3	3

In prior years, share options were granted to certain non-director and non-chief executive highest paid employee in respect of their services to the Group, further details of which are included in the disclosures in note 28 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX EXPENSES

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group's principal applicable taxes and tax rates are as follows:

Chinese Mainland

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for the Reporting Period. One of the subsidiaries of the Group was recognised as a High and New Technology Enterprise and was entitled to a preferential tax rate of 15% during the year.

10. INCOME TAX EXPENSES *(Continued)***United States of America**

The subsidiary incorporated in California, the United States is subject to statutory United States federal corporate income tax at a rate of 21%. It was also subject to the state income tax in California during the year. No provisions for federal corporate income tax and the state income tax have been provided as the subsidiary was loss-making during the year.

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(44,456)	(111,143)
Tax at the statutory tax rate (25%)	(11,114)	(27,786)
Different tax rates enacted by local authority	(624)	2,563
Additional deductible allowance for qualified research and development expenses	(6,396)	(13,830)
Expenses not deductible for tax	1,465	870
Tax losses not recognised	16,669	38,317
Tax charge at the Group's effective rate	–	134

The Group has accumulated tax losses in Chinese mainland of RMB757,096,000 as at 31 December 2025 (2024: RMB743,176,000), that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has accumulated tax losses in the United States of America of RMB10,313,000 as at 31 December 2025 (2024: RMB8,641,000), that will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

11. DIVIDENDS

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

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 239,110,000 (2024: 239,110,000) outstanding during the year, as adjusted to reflect the rights issue during the year. The weighted average number of ordinary shares outstanding before the conversion from a limited liability company into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital upon transformation into a joint stock company in July 2021 (note 26).

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the impact of the share options outstanding has an anti-dilutive effect on the basic loss per share amounts presented.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

The calculations of basic and diluted loss per share are based on:

	2025	2024
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	(38,169)	(104,365)
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	239,110,000	239,110,000
Loss per share (basic and diluted) (RMB per share)	(0.16)	(0.44)

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025							
At 1 January 2025:							
Cost	19,237	16,003	981	5,854	23,750	485	66,310
Accumulated depreciation and impairment	(7,006)	(13,047)	(864)	(3,553)	(11,404)	-	(35,874)
Net carrying amount	12,231	2,956	117	2,301	12,346	485	30,436
At 1 January 2025, net of accumulated depreciation and impairment	12,231	2,956	117	2,301	12,346	485	30,436
Additions	-	470	-	30	301	-	801
Depreciation provided during the year	(923)	(1,646)	(70)	(574)	(2,836)	-	(6,049)
Transfer	-	-	-	-	172	(172)	-
Disposals	-	-	-	(58)	-	-	(58)
At 31 December 2025, net of accumulated depreciation and impairment	11,308	1,780	47	1,699	9,983	313	25,130
At 31 December 2025:							
Cost	19,237	16,473	981	5,682	24,223	313	66,909
Accumulated depreciation and impairment	(7,929)	(14,693)	(934)	(3,983)	(14,240)	-	(41,779)
Net carrying amount	11,308	1,780	47	1,699	9,983	313	25,130

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost	19,237	11,867	981	5,576	15,580	10,151	63,392
Accumulated depreciation and impairment	(6,092)	(6,142)	(731)	(2,158)	(8,104)	-	(23,227)
Net carrying amount	13,145	5,725	250	3,418	7,476	10,151	40,165
At 1 January 2024, net of accumulated depreciation and impairment	13,145	5,725	250	3,418	7,476	10,151	40,165
Additions	-	1,918	-	282	544	180	2,924
Depreciation provided during the year	(914)	(2,026)	(109)	(846)	(2,369)	-	(6,264)
Impairment	-	(4,879)	(24)	(549)	(931)	-	(6,383)
Transfer	-	2,220	-	-	7,626	(9,846)	-
Disposals	-	(2)	-	(4)	-	-	(6)
At 31 December 2024, net of accumulated depreciation and impairment	12,231	2,956	117	2,301	12,346	485	30,436
At 31 December 2024:							
Cost	19,237	16,003	981	5,854	23,750	485	66,310
Accumulated depreciation and impairment	(7,006)	(13,047)	(864)	(3,553)	(11,404)	-	(35,874)
Net carrying amount	12,231	2,956	117	2,301	12,346	485	30,436

Due to the current situation of losses, the Group performed an impairment test on a cash-generating unit for property, plant and equipment, and right-of-use assets at 31 December 2025. The recoverable amount of the cash-generating unit was determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management. The discount rate applied in the cash flow projections was 13% (2024: 13%). Based on the impairment test, there was no carrying amount of the cash-generating unit impaired (2024: RMB9,320,000). Consequently, there was no carrying amounts of property, plant and equipment, and right-of-use assets included in the cash-generating unit written down (2024: RMB6,383,000) and (2024: RMB2,937,000), respectively. The impairment loss recognised was included in "Administrative expenses" in the consolidated statement of profit or loss.

at 31 December 2025, certain of the Group's Buildings with a net carrying amount of approximately RMB11,308,000 (2024: Nil) were pledged to secure certain of bank borrowings (note 23).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties used in its operations. Leases of properties generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Buildings	
	2025 RMB'000	2024 RMB'000
As at 1 January	8,184	11,112
Additions	–	8,352
Depreciation charge	(3,210)	(5,573)
Termination of a lease	(248)	(623)
Revision of a lease term arising from a change in the non-cancellable period of a lease	1,480	(2,147)
Impairment	–	(2,937)
At 31 December	6,206	8,184

14. LEASES (Continued)

The Group as a lessee (Continued)**(b) Lease liabilities**

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

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	13,324	11,011
New leases	–	8,352
Accretion of interest recognised during the year	327	700
Payments	(2,339)	(4,145)
Termination of a lease	(358)	(792)
Revision of a lease term arising from a change in the non-cancellable period of a lease	2,116	(1,802)
Carrying amount at 31 December	13,070	13,324
Analysed into:		
Current portion	9,351	5,604
Non-current portion	3,719	7,720

The maturity analysis of lease liabilities is disclosed in note 33 to the financial statements.

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	327	700
Depreciation charge of right-of-use assets	3,210	5,573
Expense relating to short-term leases (included in administrative expenses)	313	449
Expense relating to leases of low-value assets (included in administrative expenses)	–	77
Loss on termination and revision of a lease	526	176
Impairment of right-of-use assets	–	2,937
Total amount recognised in profit or loss	4,376	9,912

15. OTHER INTANGIBLE ASSETS

	Software	
	2025 RMB'000	2024 RMB'000
Cost at 1 January, net of accumulated amortisation	3	22
Amortisation provided during the year	(3)	(19)
At 31 December	–	3
At 31 December:		
Cost	64	64
Accumulated amortisation	(64)	(61)
Net carrying amount	–	3

16. OTHER NON-CURRENT ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments for insurance	–	79
Value-added tax recoverable	14,673	12,036
Prepayments for long-term assets	220	350
Total	14,893	12,465

17. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	18,566	19,374
Work in progress	4,060	904
Finished goods	10,953	10,144
Goods shipped in transit	–	8
	33,579	30,430
Less: Provision for inventories	(701)	(558)
Total	32,878	29,872

18. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	74	74
Impairment	(74)	(74)
Net carrying amount	-	-

The Group's trading terms with its customers are mainly on advance payments from the customers, except for some customers, who are of lower credit risk evaluated by senior management, and the Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Over 3 years	-	-

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	74	74
Impairment losses, net	-	-
At end of year	74	74

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

18. TRADE RECEIVABLES *(Continued)*

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

	As at 31 December 2025		
	Expected credit loss rate	Gross carrying amount <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>
Over 3 years	100.00%	74	74

	As at 31 December 2024		
	Expected credit loss rate	Gross carrying amount <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>
Over 3 years	100.00%	74	74

* The Group sold medical products to a third party in 2018, and confirmed a trade receivable of RMB74,000 on 31 December 2018. Management conducted a credit risk assessment on the trade receivable, and believed that the amount was credit-impaired and the trade receivable was not expected to be settled. Therefore, the Group made a provision for impairment of a trade receivable with the expected credit loss rate of 100%. During the year, except for the above trade receivable, the Group had no other trade receivables.

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Amounts due from related parties (note 31)	43	55
Prepayment to suppliers	19,843	18,844
Employee reserve fund	2,717	2,789
Deposits	673	805
Others	612	1,236
	23,888	23,729
Impairment loss for other receivables	(571)	(901)
	23,317	22,828

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(Continued)*

The movements in provision for impairment of other receivables are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	901	620
Impairment losses, net	(330)	281
At end of year	571	901

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2025, the probability of default applied ranged from 5% to 100% (2024: 5% to 100%) for the deposit guarantee due in half a year to over three years.

20. CASH AND CASH EQUIVALENTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash and bank balances	35,033	45,459
Less: Restricted cash	–	(1)
	35,033	45,458
Denominated in:		
RMB	10,558	30,927
USD	16,086	631
HKD	8,389	13,900
Cash and cash equivalents	35,033	45,458

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

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

	2025 RMB'000	2024 RMB'000
Within 1 year	2,491	1,205

The trade payables are non-interest-bearing and are normally settled within one to three months.

22. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Amounts due to related parties (note 31)	17,588	2,325
Payroll and welfare payable	9,074	11,909
Other taxes and surcharges payable	3,527	1,689
Accrued expenses	4,081	5,138
Payable for capital expenditure	204	303
Other payables	405	477
Total	34,879	21,841

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand.

23. INTEREST-BEARING BANK BORROWINGS

	2025		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured (note a)	2.80%	2026	3,130
Bank loans – guaranteed (note b)	3.50%	2026	10,000
Total – current			13,130

	2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – unsecured	3.50%	2025	10,000
Bank loans – unsecured	3.45%	2025	20,000
Total – current			30,000

23. INTEREST-BEARING BANK BORROWINGS *(Continued)*

Notes:

- (a) As at 31 December 2025, certain of these bank loans amounting to RMB3,130,000 are secured by the pledge of the Group's buildings with a net carrying amount of approximately RMB11,308,000.
- (b) As at 31 December 2025, certain of these bank loans amounting to RMB10,000,000 were guaranteed by shareholders.
- As at 31 December 2025, all the Group's bank loans were denominated in RMB and interest-bearing at fixed rates.

24. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants	8,055	2,781

The government grants mainly represent the amount which the Group received from the local governments for compensating expenses arising from research activities and research and development costs incurred for certain projects.

The movements in government grants during the Reporting Period are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	2,781	815
Grants received during the year	5,274	2,781
Amounts released to profit or loss during the year	–	(815)
At end of year	8,055	2,781

The grants are related to the subsidies received from the government for the purpose of compensation for expenses arising from research activities and clinical trial, an award for development and capital expenditure incurred on certain projects.

25. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	2025 RMB'000	2024 RMB'000
Advance received from customers: Sale of medical consumables and devices	389	1,165

Contract liabilities include short-term advances received to deliver goods.

26. SHARE CAPITAL

Shares

	2025 RMB'000	2024 RMB'000
Issued and fully paid: 239,110,000 (2024: 239,110,000) ordinary shares	239,110	239,110

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 132 of the financial statements.

(i) Share premium

The share premium of the Group represents the difference between capital injection and the share capital paid by shareholders.

(ii) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of the subsidiaries with functional currencies other than the RMB.

28. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Pre-IPO Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations via three employee incentive platforms. Ningbo Maishang Investment L.P. (Limited Partnership) was established in the PRC on February 9, 2017, Ningbo Hongyingkang Enterprise Management Partnership (Limited Partnership) was established in the PRC on November 23, 2020, Ningbo Kangrui Investment Management Partnership (Limited Partnership) was established in the PRC on July 5, 2017. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

Certain eligible participants were granted shares in prior years, and during the year, the Company did not grant any new share option (2024: Nil).

28. SHARE OPTION SCHEME *(Continued)*

The following share options were outstanding under the Share Option Scheme during the Reporting Period:

	Weighted average exercise price per share <i>RMB</i>	Number of options
At 1 January 2024	0.87	12,450,873
Exercised during the year	0.46	(2,893,838)
At 31 December 2024 and 1 January 2025	0.99	9,557,035
Exercised during the year	0.57	(1,606,562)
At 31 December 2025	1.07	7,950,473

The Group recognised an equity-settled share option expense of RMB14,107,000 (2024: RMB16,532,000) during the year ended 31 December 2025.

Subsequent to the end of the Reporting Period, there are no share options granted, lapsed and cancelled.

At the date of approval of these financial statements, the Company had 7,950,473 share options outstanding under the Scheme, which represented approximately 3.3% of the Company's shares in issue as at that date.

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had no non-cash additions to right-of-use assets of (2024: RMB8,352,000), and no non-cash additions to lease liabilities of (2024: RMB8,352,000), in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Due to related parties RMB'000
At 1 January 2024	–	11,011	–
Changes from financing cash flow	29,611	(4,145)	–
New leases	–	8,352	–
Interest expense	389	700	–
Termination of a lease	–	(792)	–
Revision of a lease term	–	(1,802)	–
At 31 December 2024 and 1 January 2025	30,000	13,324	–
Changes from financing cash flow	(17,766)	(2,339)	16,848
Interest expense	896	327	729
Termination of a lease	–	(358)	–
Revision of a lease term	–	2,116	–
Foreign exchange movement	–	–	(330)
At 31 December 2025	13,130	13,070	17,247

(c) Total cash outflow for leases

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

	2025 RMB'000	2024 RMB'000
Within operating activities	313	526
Within financing activities	2,339	4,145
	2,652	4,671

30. COMMITMENTS

The Group had the following capital commitments at the end of the Reporting Period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for: Plant and machinery	275	545

31. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name	Relationship with the Company
Ningbo Linfeng Biotechnology Co., Ltd.	Controlling Shareholder
Ningbo Linstant Polymer Materials Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Trando 3D Medical Technology Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Muhe Catering Management Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Shidi Medical Technology Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Hongzheng Testing Technology Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Kangfeng Biotechnology Co., Ltd.	Significantly influenced by the Company controlled by a Controlling Shareholder
Ningbo DIZEGENS Medical Science Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Yiming Enterprise Management Co., Ltd.	Significantly influenced by the Company controlled by a Controlling Shareholder
Ningbo Weifeng Biotechnology Co., Ltd.	Significantly influenced by the Company controlled by a Controlling Shareholder
Shanghai Shidi Investment Management Co., Ltd.	Controlled by a Controlling Shareholder
Nano MedImage (Shanghai) Co.Ltd.	Significantly influenced by the Company controlled by a Controlling Shareholder
Ms. Li Hui	Controlling Shareholder

31. RELATED PARTY TRANSACTIONS *(Continued)***(b) The Group had the following transactions with related parties during the year:**

	2025 RMB'000	2024 RMB'000
Advance of utility bills to related parties		
Ningbo Linfeng Biotechnology Co., Ltd.	714	2,101
Ningbo Kangfeng Biotechnology Co., Ltd	147	492
Ningbo Yiming Enterprise Management Co., Ltd	–	121
	861	2,714
Loans from related parties		
Ningbo Linfeng Biotechnology Co., Ltd. <i>(i)</i>	45,000	–
Ms. Li Hui <i>(ii)</i>	16,848	–
	61,848	–
Operating advances from related parties		
Ningbo Kangfeng Biotechnology Co., Ltd <i>(iii)</i>	14,500	1,000
Repayment of loans to a related party		
Ningbo Linfeng Biotechnology Co., Ltd. <i>(i)</i>	45,000	–
Purchases of products		
Ningbo DIZEGENS Medical Science Co., Ltd	155	–
Ningbo Linstant Polymer Materials Co., Ltd.	139	490
Ningbo Weifeng Biotechnology Co., Ltd	43	–
Ningbo Trando 3D Medical Technology Co., Ltd.	–	4
	337	494
Purchases of service		
Ningbo Yiming Enterprise Management Co., Ltd	363	–
Ningbo Muhe Catering Management Co., Ltd.	278	457
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd.	87	124
Nano MedImage (Shanghai) Co.Ltd.	80	–
Ningbo Shidi Medical Technology Co., Ltd.	77	144
Ningbo Hongzheng Testing Technology Co., Ltd.	8	20
	893	745

The pricing of products and services was made according to the published prices and conditions similar to those offered to the major customers of the suppliers.

- (i) The Group received a loan of RMB45,000,000 from Ningbo Linfeng Biotechnology Co., Ltd. in March 2025, which bore interest at 3%, and was fully repaid by the Group in 2025. As of 31 December 2025, no outstanding balance with this related party.
- (ii) The Group received a loan of USD2,350,000 from Ms. Li Hui in March 2025, which bore interest at 3% and is repayable in 24 months from March 2025.
- (iii) The Group received operating working capital of RMB14,500,000 in 2025 from Ningbo Kangfeng Biotechnology Co., Ltd., which is unsecured, interest-free, and repayable on demand at the end of the Reporting Period.

31. RELATED PARTY TRANSACTIONS *(Continued)***(c) Outstanding balances with related parties:**

	2025 RMB'000	2024 RMB'000
Prepayments, other receivables and other assets:		
Due from related parties:		
Ningbo Kangfeng Biotechnology Co., Ltd**	40	40
Ningbo Shidi Medical Technology Co., Ltd.*	3	–
Ningbo DIZEGENS Medical Science Co., Ltd.*	–	15
	43	55
Other payables and accruals:		
Due to related parties:		
Ningbo Kangfeng Biotechnology Co., Ltd** <i>(i)</i>	15,800	1,000
Ningbo Linfeng Biotechnology Co., Ltd.***	999	1,131
Ningbo Yiming Enterprise Management Co., Ltd**	484	121
Shanghai Shidi Investment Management Co., Ltd.**	133	–
Ningbo Linstant Polymer Materials Co., Ltd.*	116	73
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd.*	56	–
	17,588	2,325
NON-CURRENT LIABILITIES:		
Due to a related party:		
Ms. Li Hui** <i>(ii)</i>	16,910	–

* The balances are trade in nature.

** The balances are non-trade in nature.

*** The balances include both trade balances and non-trade balances in nature.

(i) The balance of payables to Ningbo Kangfeng Biotechnology Co., Ltd. includes operating working capital of RMB15,500,000, which was unsecured, interest-free, and repayable on demand at the end of the Reporting Period.

(ii) The Group has a loan of USD2,350,000 from Ms. Li Hui, which bears interest at 3% for 24 months from 15 March 2025. As of 31 December 2025, the total balance amounted to approximately RMB16,910,000 (inclusive of principal and accrued interest).

Except for loans from related parties, all other balances with related parties were unsecured, interest-free, and repayable on demand at the end of the Reporting Period.

31. RELATED PARTY TRANSACTIONS *(Continued)***(d) Compensation of key management personnel of the Group:**

	2025 RMB'000	2024 RMB'000
Salaries, allowances, and benefits in kind	6,251	6,755
Pension scheme contributions	623	736
Equity-settled share option arrangements	10,417	11,120
Total compensation paid to key management personnel	17,291	18,611

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

(e) Leases with related parties**The Group as a lessee:**

The Group has lease contracts with Ningbo Linfeng Biotechnology Co., Ltd. ("Ningbo Linfeng") and Ningbo Kangfeng Biotechnology Co., Ltd ("Ningbo Kangfeng") details of summary was as below:

	2025 RMB'000	2024 RMB'000
Short-term: Rental fee	75	101

	2025 RMB'000	2024 RMB'000
Long-term (Note): Lease liabilities – current	6,636	2,927
Lease liabilities – non-current	1,850	3,492
	8,486	6,419

Note: On 15 September 2022, the Group entered into a lease agreement with Ningbo Linfeng for 5-year lease terms, on 1 January 2024, the lease agreement was revised to a term of 1 year, and renewed for the years 2025 and 2026, Management has assessed that there is a significant likelihood of further renewal, and the lease is expected to be extended to 2027. On 1 January 2024, the Group entered into two separate one-year lease agreements with Ningbo Kangfeng, which were renewed for 2025 and 2026 respectively, based on management's assessment, continuation of the leases is considered probable for the next two years, and the lease terms are expected to extend to 2028. As of 31 December 2025, the corresponding right-of-use assets was approximately RMB3,815,000 (2024: RMB4,693,000). The rent was charged at terms mutually agreed by the parties in respect of the lease of certain office units.

32. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2025 RMB'000	2024 RMB'000
Financial assets		
<i>Financial assets at amortised cost</i>		
Financial assets included in prepayments, other receivables and other assets	714	1,140
Restricted cash	–	1
Cash and cash equivalents	35,033	45,458
	35,747	46,599
	2025 RMB'000	2024 RMB'000
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Trade payables	2,491	1,205
Financial liabilities included in other payables and accruals	22,278	8,243
Interest-bearing bank borrowings	13,130	30,000
Due to a related party	16,910	–
	54,809	39,448

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and deposits, other payables, amounts due with related parties and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)***Foreign currency risk**

The Group has transactional currency exposures. Such exposures arise from purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity to a reasonably possible change in USD and HKD exchange rates, with all other variables held constant, of the Group's loss before tax (arising from USD and HKD denominated financial instruments) and the Group's equity.

	Increase/ (decrease) in USD/HKD %	Increase/ (decrease) in loss before tax RMB'000	Increase/ (decrease) in equity RMB'000
31 December 2025			
If RMB weakens against USD	5	794	794
If RMB strengthens against USD	(5)	(794)	(794)
31 December 2025			
If RMB weakens against HKD	5	419	419
If RMB strengthens against HKD	(5)	(419)	(419)
31 December 2024			
If RMB weakens against USD	5	27	27
If RMB strengthens against USD	(5)	(27)	(27)
31 December 2024			
If RMB weakens against HKD	5	695	695
If RMB strengthens against HKD	(5)	(695)	(695)

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 credit risk of the Group's other financial assets, which comprise cash and bank balances, financial assets included in prepayments, other receivables and other assets, with a maximum exposure equals to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's other receivables are widely dispersed in different sectors and industries.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)***Maximum exposure and year-end staging**

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables	–	–	–	74	74
Financial assets included in prepayments, deposits and other receivables					
– Normal*	714	–	–	–	714
Cash and cash equivalents					
– Not yet past due	35,033	–	–	–	35,033
Total	35,747	–	–	74	35,821

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables	–	–	–	74	74
Financial assets included in prepayments, deposits and other receivables					
– Normal*	1,140	–	–	–	1,140
Restricted cash					
– Not yet past due	1	–	–	–	1
Cash and cash equivalents					
– Not yet past due	45,458	–	–	–	45,458
Total	46,599	–	–	74	46,673

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)***Liquidity risk**

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

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

	As at 31 December 2025				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	2,491	–	–	–	2,491
Financial liabilities in other payables and accruals	22,278	–	–	–	22,278
Lease liabilities	5,697	1,056	2,840	3,821	13,414
Interest-bearing bank borrowings Due to a related party	–	109	13,248	–	13,357
	–	–	–	17,506	17,506
	30,466	1,165	16,088	21,327	69,046

	As at 31 December 2024				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	1,205	–	–	–	1,205
Financial liabilities in other payables and accruals	8,243	–	–	–	8,243
Lease liabilities	1,462	1,312	3,533	8,718	15,025
Interest-bearing bank borrowings	–	263	30,437	–	30,700
	10,910	1,575	33,970	8,718	55,173

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

34. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2025, the Group received total equity investments of HKD29,989,200 from LP Investment Holdings Group in January 2026.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the Reporting Period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	11,512	12,231
Right-of-use assets	16	–
Investments in subsidiaries	463,555	460,980
Other intangible assets	–	3
Other non-current assets	10,682	9,785
Total non-current assets	485,765	482,999
CURRENT ASSETS		
Inventories	11,390	12,137
Trade and bills receivables	43	43
Prepayments, other receivables and other assets	24,327	39,679
Cash and cash equivalents	24,655	31,743
Total current assets	60,415	83,602
CURRENT LIABILITIES		
Trade payables	560	1,427
Interest-bearing bank borrowings	3,130	20,000
Other payables and accruals	4,869	7,418
Lease liabilities	1,324	1,172
Total current liabilities	9,883	30,017
NET CURRENT ASSETS	50,532	53,585
TOTAL ASSETS LESS CURRENT LIABILITIES	536,297	536,584
NON-CURRENT LIABILITIES		
Due to a related party	16,910	–
Lease liabilities	564	1,888
Total non-current liabilities	17,474	1,888
NET ASSETS	518,823	534,696
EQUITY		
Share capital	239,110	239,110
Reserves (note)	279,713	295,586
Total equity	518,823	534,696

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)**Note:*

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

	Share premium <i>RMB'000</i>	Share option reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	566,914	183,440	(405,545)	344,809
Total comprehensive loss for the year	–	–	(65,755)	(65,755)
Equity-settled share option arrangements	–	16,532	–	16,532
At 31 December 2024 and 1 January 2025	566,914	199,972	(471,300)	295,586
Total comprehensive loss for the year	–	–	(29,980)	(29,980)
Equity-settled share option arrangements	–	14,107	–	14,107
As at 31 December 2025	566,914	214,079	(501,280)	279,713

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.

Definitions

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

“AGM” or “Annual General Meeting”	the forthcoming 2025 annual general meeting of the Company to be held on Friday, June 5, 2026
“Articles” or “Articles of Association”	the articles of association of the Company currently in force
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors
“Board of Supervisors”	the board of Supervisors, which has been abolished on October 31, 2025
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China” or “the PRC”	the People’s Republic of China excluding, for the purposes of this annual report, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “Cryofocus”	Cryofocus Medtech (Shanghai) Co., Ltd. (康澧生物科技(上海)股份有限公司), a joint stock company incorporated in the PRC with limited liability on July 21, 2021, or, where the context requires (as the case may be), its predecessor, Cryofocus Medtech (Shanghai) Company Limited (康澧生物科技(上海)有限公司), a limited liability company established in the PRC on March 15, 2013
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholders” or “Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and in this annual report, refers to Ms. Li, Mr. Lv, Shanghai Shidi, Ningbo Linfeng, Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui, and for further details, please refer to the section headed “Relationship with our Controlling Shareholders” in the Prospectus, and “controlling shareholder” or “Controlling Shareholder” means any one of them
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“FDA”	the United States Food and Drug Administration, a federal agency of the Department of Health and Human Services

“Group”, “our Group”, “our”, “we”, or “us”	the Company and its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars”, “HK dollars”, “HKD” or “HK\$”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Listing”	listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	December 30, 2022, on which the H Shares were listed and dealings in the H Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Lv”	Mr. LV Shiwen (呂世文), a non-executive Director and one of our Controlling Shareholders
“Ms. Li”	Ms. LI Hui (李輝), one of our Controlling Shareholders
“Ningbo Hongyingkang”	Ningbo Hongyingkang Enterprise Management Partnership (Limited Partnership) (寧波弘盈康企業管理合夥企業(有限合夥)), one of our employee incentive platforms and one of our Controlling Shareholders
“Ningbo Kangrui”	Ningbo Kangrui Investment Management Partnership (Limited Partnership) (寧波康銳投資管理合夥企業(有限合夥)), one of our employee incentive platforms and one of our Controlling Shareholders
“Ningbo Linfeng”	Ningbo Linfeng Biotechnology Co., Ltd. (寧波麟豐生物科技有限公司), a limited company established in the PRC which is a non-wholly owned subsidiary of Shanghai Shidi and one of our Controlling Shareholders
“Ningbo Maishang”	Ningbo Maishang Investment L.P. (Limited Partnership) (寧波脈尚投資合夥企業(有限合夥)), one of our employee incentive platforms and one of our Controlling Shareholders

Definitions

“Ningbo SensCure”	Ningbo SensCure Biotechnology Co., Ltd. (寧波勝杰康生物科技股份有限公司), a limited company established in the PRC and our wholly-owned subsidiary
“NMPA”	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
“Nomination Committee”	the nomination committee of the Board
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Eighth National People’s Congress on December 29, 1993 and effective on July 1, 1994, which was last amended and became effective on October 26, 2018, as amended, supplemented or otherwise modified from time to time
“Prospectus”	the prospectus of the Company dated December 16, 2022
“R&D”	research and development
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	for the year ended December 31, 2025
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shanghai Shidi”	Shanghai Shidi Industrial Development Co., Ltd. (上海仕地實業發展有限公司) (formerly known as Shanghai Shidi Investment Management Co., Ltd. (上海仕地投資管理有限公司)), a limited company established in the PRC and wholly owned by Ms. Li and one of our Controlling Shareholders
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the then supervisor(s) of the Company
“United States” or “U. S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Unlisted Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each and are not listed on any stock exchange
“U. S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“%”	per cent

Note: The English translation of Chinese names of entities included in this annual report is prepared for identification purpose only.