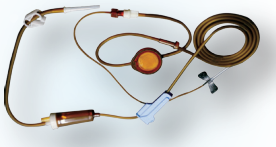
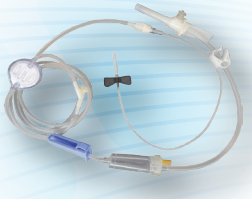
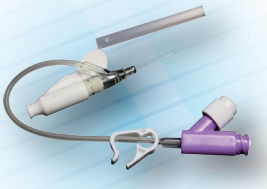
PW MEDTECH GROUP LIMITED
普华和顺集团公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01358.HK)







2025 Annual Report

A True Pioneer in China's Medical Device Industry

We are a leading medical device company with the focus on fast-growing and high-margin segments of China's medical device industry. We have a leading market position in our current business segments of infusion sets, blood purification products and regenerative medical biomaterials, with strong research and development capabilities and well-established distribution networks.

Contents

Corporate Profile

PW Medtech is a leading medical device company focused on fast-growing and high-margin segments of China's medical device industry. The Group has leading market positions in its current business segments of infusion sets, blood purification products and regenerative medical biomaterials, with strong R&D capabilities and well-established distribution networks. The Shares were successfully listed on the Main Board of the Stock Exchange since November 8, 2013, which enabled PW Medtech's access to the international capital market and created a platform for its rapid development.

— The Group is a leading company in China in Infusion Set Business. The Group's products including non-PVC-based infusion sets, precision filter infusion sets, light resistant infusion sets, intravenous cannula products and insulin needles and pens. The Group is one of the first manufacturers which obtained the approval of the NMPA to manufacture precision filter infusion sets, and one of the first three manufacturers approved by the NMPA to manufacture non-PVC based infusion sets. The Group also holds patented double-layer tubing design for non-PVC-based infusion sets.

— The Group is a leading company in China in Blood Purification Business. The Group's products including high flux hemodialyzer, low flux hemodialyzer, hemodiafilter, hemoperfutor and dialysis machines. The Group is the first domestic manufacturer which obtained registration certificate of high flux hemodialyzer in China.

— The Group has strong R&D capabilities in Regenerative Medical Biomaterials Business segment. The Group adopts the leading and a new generation of tissue regenerative material technology and has a complete product pipeline, the application scenarios of which covering various aspects in relation to breast reconstruction, oral repairing, herniorrhaphy, burns and scalds, and injection cosmetology.

Definitions

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

"2026 AGM"	the AGM to be held on June 26, 2026
"actual controller (實際控制人)"	the individual or entity that can control a company by way of investment, contract or other arrangements according to the Listing Rules of the Growth Enterprise Market (《創業板股票上市規則》) published by the Shenzhen Stock Exchange where Lepu Medical is listed
"AGM"	annual general meeting of the Company
"Articles"	the articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Beijing Ruijian Biological"	Beijing Ruijian High-Tech Biological Technology Co., Ltd (北京瑞健高科生物科技有限公司), a limited liability company incorporated in the PRC on February 5, 2013
"Blood Purification Business"	the R&D, manufacturing and sales of blood purification medical devices
"Board"	the board of Directors
"CBPO"	China Biologic Products Holdings, Inc., a Cayman Islands exempted company, which changed its domicile from Delaware to the Cayman Islands on July 21, 2017 and was previously listed on the NASDAQ Stock Market since 2009 (NASDAQ stock code: CBPO)
"CEO"	chief executive officer of the Company
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this annual report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"Chairman"	the chairman of the Board
"Company", "Group", "PW Medtech" or "we"	PW Medtech Group Limited (普华和顺集团公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on May 13, 2011 and except where the context indicated otherwise its subsidiaries
"Company Secretary"	the secretary of the Company
"Director(s)"	the director(s) of the Company
"Dr. PU"	Dr. Zhongjie PU, the spouse of Ms. Yue'e ZHANG and the actual controller of Lepu Medical
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS(s)"	Hong Kong Financial Reporting Standards
"Infusion Set Business"	the R&D, manufacturing and sale of advanced infusion set, intravenous cannula products, insulin needles etc.
"Lepu Medical"	Lepu Medical Technology (Beijing) Co., Ltd. (乐普(北京)医疗器械股份有限公司), a joint stock company incorporated in the PRC on June 11, 1999 and listed on the Shenzhen Stock Exchange (stock code: 300003)
"Lepu Medical Group"	Lepu Medical and its subsidiaries

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"NMPA"	the National Medical Products Administration
"Medcore Investment"	Medcore Investment Limited (美宜科投資有限公司), a limited company incorporated under the laws of Hong Kong on September 9, 2021 and a wholly-owned subsidiary of the Company
"Medical Products Processing Services Framework Agreement"	the medical products processing services framework agreement dated July 5, 2022 entered into between the Company and Lepu Medical for the provision of medical products processing services by the Group to Lepu Medical Group
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix C3 to the Listing Rules
"NEEQS"	National Equities Exchange and Quotation System
"NEEQS Quotation"	the spin-off of Sichuan Ruijian Medical, by way of a separate quotation on NEEQS without issuance of new shares
"Nomination Committee"	the nomination committee of the Company
"Prospectus"	the prospectus of the Company dated October 28, 2013
"Purchase of Medical Devices Molds and Components Framework Agreement"	the purchase of medical devices molds and components framework agreement dated December 14, 2022 entered into between the Company and Lepu Medical for the purchase of medical devices molds and components by the Group from Lepu Medical Group
"PVC"	polyvinylchloride
"R&D"	research and development
"Regenerative Medical Biomaterials Business"	the R&D, manufacturing and sales of animal-derived regenerative medical biomaterials and human tissue repair alternative products
"Remuneration Committee"	the remuneration committee of the Company
"Renewed Purchase of Medical Devices Molds and Components Framework Agreement"	the purchase of medical devices molds and components framework agreement dated January 1, 2024 entered into between the Company and Lepu Medical for the purchase of medical devices molds and components by the Group from Lepu Medical Group
"Renewed Sales of Medical Devices Framework Agreement"	the renewed sales of medical devices framework agreement dated October 18, 2024 entered into between the Company and Lepu Medical for the sales of medical devices from the Group to the Lepu Medical Group
"Reporting Period"	the year ended December 31, 2025
"RMB"	Renminbi, the lawful currency of the PRC
"Sales of Medical Devices Framework Agreement"	the sales of medical devices framework agreement dated July 5, 2022 entered into between the Company and Lepu Medical for the sales of medical devices from the Group to the Lepu Medical Group

"Second Renewed Purchase of Medical Devices Molds and Components Framework Agreement"	the purchase of medical devices molds and components framework agreement dated October 18, 2024 entered into between the Company and Lepu Medical for the purchase of medical devices molds and components by the Group from Lepu Medical Group
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of par value US$0.0001 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Sichuan Ruijian Medical"	Sichuan Rekind Medtec., Inc. (also known as Sichuan Ruijian Medical Technology Co. Ltd.) (四川睿健醫療科技股份有限公司), a joint stock limited liability company established in PRC on August 6, 2013, a non-wholly owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"%"	per cent

Corporate Information

BOARD OF DIRECTORS

Executive Director

Ms. Yue'e ZHANG *(Chairman and CEO)*

Non-executive Directors

Mr. JIANG Liwei
Mr. LIN Junshan

Independent Non-executive Directors

Mr. WANG Xiaogang
Mr. CHEN Geng
Ms. WANG Fengli

COMPANY SECRETARY

Ms. SO Ka Man, *FCG, HKFCG*

AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Ms. Yue'e ZHANG
Ms. SO Ka Man

AUDIT COMMITTEE

Mr. WANG Xiaogang *(Chairman)*
Mr. LIN Junshan
Mr. CHEN Geng

REMUNERATION COMMITTEE

Mr. CHEN Geng *(Chairman)*
Mr. LIN Junshan
Ms. WANG Fengli

NOMINATION COMMITTEE

Ms. Yue'e ZHANG *(Chairman)*
Mr. WANG Xiaogang
Ms. WANG Fengli

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

REGISTERED OFFICE

The Grand Pavilion Commercial Centre
Oleander Way, 802 West Bay Road
P.O. Box 32052
Grand Cayman KY1-1208
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Building 1, No. 23 Panlong West Road
Pinggu District
Beijing, PRC 101204

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1928, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

Morgan Stanley & Co International PLC
31/F, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

China CITIC Bank
Wanliu Branch
5–32, Xing Biao Garden
Wanliu Central Road
Haidian District
Beijing, PRC

HONG KONG LEGAL ADVISOR

Wilson Sonsini Goodrich & Rosati
Suite 1509, 15/F, Jardine House
1 Connaught Place, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE AND BOARD LOT

Stock code: 1358
Board lot: 1,000

WEBSITE

www.pwmedtech.com

Milestones

2024

- Sichuan Ruijian Medical successfully completed the NEEQS Quotation

2022

- Acquired 51% equity interest in Sichuan Ruijian Medical and entered into Blood Purification Business
- Acquired 58.2% equity interest in Beijing Ruijian Biological and entered into Regenerative Medical Biomaterial Business

2020

- Entered into agreements to dispose all equity interests in CBPO achieving high returns, and declared a special dividend in the amount of half of the proceeds

2018

- Upon the completion of the Share Exchange Agreement with CBPO, the Group has become the single largest shareholder of CBPO, and Tianxinfu has become a subsidiary of CBPO. The Group also further acquired 800,000 CBPO shares in August

2017

- Entered into the Share Exchange Agreement with CBPO to subscribe for 5,521,000 CBPO shares, representing 16.66% of the enlarged issued share capital of CBPO by way of exchanging the Group's equity interest in Tianxinfu with CBPO

2016

- Disposed of equity interests in Walkman Biomaterial and Shenzhen Bone, two subsidiaries engaging in Orthopedic Implant Business

2014

- Acquired Tianxinfu and entered into Regenerative Medical Biomaterial Business

2013

- Acquired Xuzhou Yijia Medical Device Co., Ltd. and further expanded into Infusion Set Business
- Acquired Shenzhen Bone Medical Device Co., Ltd. ("Shenzhen Bone") and expanded into joint products
- Listed on The Main Board of the Stock Exchange on November 8, 2013

2011

- Acquired Beijing Fert Technology Co., Ltd. ("Fert Technology") and entered into Infusion Set Business

2008

- Acquired Tianjin Walkman Biomaterial Co., Ltd. ("Walkman Biomaterial") and entered into the business of development, manufacturing and sale of orthopedic implants products (the "Orthopedic Implant Business")

2002

- Tianxinfu (Beijing) Medical Appliance Co., Ltd. ("Tianxinfu") and Shenzhen Bone were founded

2001

- Walkman Biomaterial was founded

1997

- Fert Technology was founded

Key Financials

- Revenue for the year ended December 31, 2025 amounted to approximately RMB823.5 million, representing an increase of 7.1% from approximately RMB768.9 million recorded in 2024.
- Gross profit for the year ended December 31, 2025 amounted to approximately RMB407.5 million, representing a decrease of 2.9% from approximately RMB419.4 million recorded in 2024.
- Profit for the year ended December 31, 2025 amounted to approximately RMB135.3 million, representing a decrease of 29.7% from approximately RMB192.5 million recorded in 2024.
- Profit attributable to owners of the Company for the year ended December 31, 2025 amounted to approximately RMB94.4 million, representing a decrease of 37.4% from approximately RMB150.8 million recorded in 2024.
- Basic earnings per share and diluted earnings per share in 2025 were RMB6.25 cents and RMB6.25 cents (2024: RMB9.77 cents and RMB9.77 cents), respectively, representing a decrease of 36.0% and 36.0% from 2024, respectively.
- Final dividend proposed per share for the year ended December 31, 2025 was HK2.0 cents (for the year ended December 31, 2024: HK5.3 cents). Total dividend per share for the year ended December 31, 2025 was HK6.4 cents (for the year ended December 31, 2024: HK9.8 cents).

Financial Summary

RESULTS

	For the Year Ended December 31,				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	**2025 RMB'000**
Revenue	271,399	536,826	675,084	768,903	**823,505**
Profit before income tax	737,464	157,747	231,067	229,753	**164,994**
Profit for the year	739,117	128,867	205,023	192,522	**135,253**
Profit attributable to:					
Owners of the Company	739,120	106,041	153,184	150,780	**94,374**
Non-controlling interests	(3)	22,826	51,839	41,742	**40,879**

ASSETS AND LIABILITIES

	As at December 31,				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	**2025 RMB'000**
Total assets	3,915,027	4,989,114	5,152,049	5,160,929	**5,235,254**
Total liabilities	122,639	351,559	327,064	357,561	**381,521**
Equity attributable to the owners of the Company	3,792,388	3,945,223	4,044,341	3,971,401	**3,950,475**

Chairman's Statement

It is a great honor for me, on behalf of the Board, to present the annual report of the Company for the financial year ended December 31, 2025.

In 2025, the global economy showed resilience amidst the challenges imposed by uncertainties of trade, geopolitics, and market volatility, but the recovery momentum remained insufficient. The Chinese economy forged ahead under pressure and maintained overall stability with steady progress, but due to the interplay of external risk and challenges, as well as intertwined domestic cyclical and structural contradictions, it faced increased risks and challenges in sustaining stable economic performance.

In terms of the industry, the continuous advancement of volume-based centralized procurement for medical consumables has placed pressure on product pricing and set higher demands for innovation and operation capabilities. This has resulted in intensified competition in certain sub-segments and increased operating pressure on enterprises. Meanwhile, strong national support for the R&D and innovation, import substitution, and global expansion of medical devices has propelled the industry toward high-quality development and injected fresh impetus into its growth. In the long run, driven by the combined effects of accelerated aging population, upgraded medical demands, and technological innovation, China's medical device market enjoys a solid foundation for steady demand growth. Policies including volume-based centralized procurement will further optimize the industry pattern, encourage continuous corporate innovation, and enhance product and service quality to better satisfy the diversified needs of the public. Meanwhile, the expansion of overseas markets has created new development opportunities for Chinese medical device enterprises.

As a leading medical device company in China, PW Medtech will proactively respond to industry changes and focus on improving the safety and efficacy of its medical devices. Supported by technological innovation, we will consolidate our development foundation. Following the philosophy of "adhering to the medical care and reverence for life", we will continue to enhance our core competitiveness to achieve sustainable development and create long-term value.

BUSINESS REVIEW

Being a leader in China's medical device industry, PW Medtech focuses on fast-growing and high-margin segments of China's medical device market and now has three business segments, namely Infusion Set Business, Blood Purification Business and Regenerative Medical Biomaterials Business. For the year ended December 31, 2025, the Group's revenue amounted to RMB823.5 million, representing an increase of 7.1% from 2024, which was mainly attributable to the steady growth in sales volume of the Blood Purification Business and the solid commercial launch of the Regenerative Medical Biomaterials Business, which offset the impact of the decrease in sales of the Infusion Set Business segment due to the substantially full implementation of the volume-based centralized procurement policy. The Group recorded a gross profit of RMB407.5 million, decreased by 2.9% from 2024. The gross profit margin for the year was 49.5%.

The Group attaches great importance to R&D, consistently focusing on enhancing its technological innovation and R&D capabilities and actively advancing product R&D progress. The Group has an experienced R&D team with solid professional expertise, centering on clinical and market demands, to continuously optimize the functions of existing products and expand new product portfolios. In 2025, for the Infusion Set Business segment, the Group obtained the registration certificate for the single-use blunt-end injection needle for cosmetic injections and submitted the registration application for the electronic pen-type injector product for insulin injection, further deepening its presence in the diabetes care sub-segment. Moreover, the Group has submitted the registration application for single-use solution transfer devices used for drug dispensing and solution transfer. For the Blood Purification Business segment, the Group submitted the registration applications for the hemodiafilter (for continuous blood purification treatment) and the single-use hemoperfutor (for the removal of exogenous drugs or poisons), which further expanded the Company's product layout in the field of blood purification consumables. Furthermore, the Group expects to submit the registration application for Non-compliant PTA Drug Balloon Catheters for treatment of vascular stenosis and occlusion in arteriovenous fistulas for hemodialysis patients in the first half of 2026, thereby entering the vascular access maintenance field. For the Regenerative Medical Biomaterials Business segment, the Group has submitted the registration application for the injectable tissue matrix filler for cosmetic injections. In January 2026, the Group obtained the registration certificate for the dura mater patch for dura mater repair, and formally initiated clinical trials for a bio-sponge product for tissue defect filling and repair regeneration.

In terms of sales and marketing, the Group continued to optimize its sales structure and marketing system, and made flexible adjustments and refined management to its tendering strategies to follow the policy guidance of the medical industry. Regarding the operational management, the Group continued to implement the strategy of "low cost and high quality" to improve quality and increase efficiency.

During the year, based on strong confidence in its own value and positive expectations for future development, the Group proactively implemented the share repurchase scheme. In the future, the Group will continuously strive to enhance the value of the Company and shareholder returns through flexible use of share repurchases and other measures in accordance with the actual development strategy, and share the fruits of development with all shareholders. For details of the repurchase, please refer to the section headed "Management Discussion and Analysis — Strategic Share Repurchase Scheme" in this annual report.

DIVIDEND

Thanks to the shareholders' continuing support, the Board has recommended the payment of a final dividend of HK2.0 cents per share for the year ended December 31, 2025 (for the year ended December 31, 2024: HK5.3 cents per share). Together with the interim dividend of HK4.4 cents per share already paid, total dividend for the full year of 2025 amounted to HK6.4 cents per share.

For determining the entitlement to the proposed final dividend for the year ended December 31, 2025, the register of members of the Company will be closed from July 6, 2026 to July 8, 2026, both days inclusive, and during which period no transfer of shares of the Company will be registered. The record date will be July 8, 2026. In order to qualify for the final dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on July 3, 2026.

Subject to the shareholders' approval at the 2026 AGM, the final dividend will be payable on July 31, 2026 to shareholders whose names appear on the register of members of the Company at the close of business on July 8, 2026. Such declaration of final dividend demonstrates the Company's commitment to delivering shareholder returns as well as its optimism about the Group's business prospects.

FUTURE PROSPECTS

Looking into 2026, the Group will proactively adapt to market changes, proactively respond to market challenges, and firmly seize development opportunities of the industry. Meanwhile, the Group will continue to strengthen product innovation and R&D capabilities, optimize and expand its product matrix, gather superior resources, and enhance operating efficiency. Furthermore, the Group will prudently pursue synergistic merger and acquisition opportunities to meet the rising market demand for high-quality products and services, and consolidate the Company's leading position in the highly competitive market.

APPRECIATION

On behalf of the Board, I would like to extend my heartfelt gratitude to all the respected shareholders and investors. PW Medtech will proactively seize the development opportunities of the industry, continuously optimize its business layout and resource allocation, improve overall operational efficiency, consolidate and strengthen its core advantages, drive the Group to sustain steady development in a complex and volatile market environment, creating greater and sustainable long-term value for shareholders and investors.

Chairman of the Board
Yue'e ZHANG

March 27, 2026

Profile of Directors and Senior Management

Below are the brief profiles of the current Directors and senior management of the Group.

DIRECTORS

The Board currently consists of six Directors, comprised of one executive Director, two non-executive Directors and three independent non-executive Directors. The following table sets forth information regarding the Directors.

Name	Position	Date of Appointment as Director
Executive Director		
Ms. Yue'e ZHANG (張月娥)	CEO, Chairman and executive Director	May 13, 2011
Non-executive Directors		
Mr. JIANG Liwei (姜黎威)	Non-executive Director	June 21, 2013
Mr. LIN Junshan (林君山)	Non-executive Director	June 21, 2013
Independent Non-executive Directors		
Mr. WANG Xiaogang (王小剛)	Independent non-executive Director	October 14, 2013
Mr. CHEN Geng (陳庚)	Independent non-executive Director	October 14, 2013
Ms. WANG Fengli (王鳳麗)	Independent non-executive Director	August 1, 2021

Executive Director

Ms. Yue'e ZHANG (張月娥), born in 1963, is the CEO, the Chairman, an executive Director and the chairman of the Nomination Committee. She is also a director of certain subsidiaries of the Company. In addition to her roles with the Group, Ms. ZHANG currently serves as the executive director of WP Medical Technologies, Inc. She is also one of the early founders of Lepu Medical. She was a director of CBPO from January 1, 2018 till January 6, 2021. Ms. ZHANG has worked in the medical device industry for nearly 30 years and has accumulated considerable experience in product design, R&D, and management and investment. Ms. ZHANG graduated from Xi'an Jiaotong University (西安交通大學) with a bachelor's degree in materials science and engineering in July 1985, and later received two master's degrees relating to materials science and management from Xi'an University of Technology (西安理工大學) and Florida International University in July 1988 and April 1996, respectively. Ms. ZHANG is the daughter of Ms. Yufeng LIU (the ultimate controlling Shareholder who wholly owns Cross Mark Limited, the controlling Shareholder).

Non-executive Directors

Mr. JIANG Liwei (姜黎威), born in 1967, is a non-executive Director. Mr. JIANG has over 20 years of management experience in the medical device industry. Mr. JIANG currently serves as the Chairman and the CEO of Shenzhen Futurtec Medical Co., Ltd. (深圳市鑫君特智能醫療器械有限公司). He was the CEO and executive Director of the Group from February 2013 to March 2019. Prior to joining the Group in February 2013, Mr. JIANG was the head of China for Biomet China Co., Ltd. (邦美(上海)商貿有限公司) from 2008 to 2013 and the general manager of Trauson (China) Medical Instrument Co., Ltd. (創生醫療器械(中國)有限公司) from 2005 to 2008. He also held various management positions with Zimmer (Shanghai) Medical International Trading Co., Ltd. (捷邁(上海)醫療國際貿易有限公司) from 1999 to 2005 and Smith& Nephew Medical (Shanghai) Limited (施樂輝醫用產品國際貿易(上海)有限公司) from 1997 to 1999. Mr. JIANG was a resident doctor for a few years upon graduation from Shanghai Second Medical University (上海第二醫科大學) (currently known as School of Medicine, Shanghai Jiaotong University (上海交通大學醫學院)) with a bachelor's degree in clinical medicine in July 1991.

Mr. LIN Junshan (林君山), born in 1962, is a non-executive Director and a member of both the Audit Committee and the Remuneration Committee. Mr. LIN joined the Group in April 2010. Since January 2022, Mr. LIN has served as a director of Sichuan Ruijian Medical, a non-wholly owned subsidiary of the Company, whose shares have been quoted on the NEEQS since December 5, 2024 (stock code: 874652). Mr. LIN is also a director of certain other subsidiaries of the Company. In addition to his roles with the Group, Mr. LIN currently serves as the general manager of Beijing Guanshengyun Medical Technology Co., Ltd. (北京冠生雲醫療技術有限公司). Before joining the Group, Mr. LIN was a chief engineer and professoriate senior engineer of CSR Qingdao Sifang Co., Ltd. (南車青島四方機車車輛股份有限公司) (formerly known as CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.) from January 2007 to June 2013. After his graduation from Xi'an Jiaotong University (西安交通大學) with a doctorate degree in materials science and engineering in March 1990, Mr. LIN held various research positions in Shanghai Jiaotong University (上海交通大學), Osaka University (Japan) and Hitachi Mechanical Engineering Research Laboratory (now Hitachi Research Laboratory), Hitachi Ltd. from April 1990 to December 2006.

Independent Non-executive Directors

Mr. WANG Xiaogang (王小剛), born in 1973, is an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee. Mr. WANG is a founder and the chief executive director of BeijingHuiTong Education Technology Co., Ltd. Mr. WANG served as a managing director of China Aerospace Industry Investment Fund Management (Beijing) Co., Ltd. (航天產業投資基金管理(北京)有限公司) from February 2011 to August 2014. He was previously a partner at PricewaterhouseCoopers Consulting (Shenzhen) Co., Ltd. (普華永道諮詢(深圳)有限公司), where his work focused primarily on financial advisory on investment, merger and acquisition related transactions. He joined PricewaterhouseCoopers Consulting (Shenzhen) Co., Ltd. in 1997. Mr. WANG obtained the qualification of Certified Public Accountant from Beijing Institute of Certified Public Accountants (北京註冊會計師協會) in June 1997 and the qualification to practice law in the PRC from the Ministry of Justice (司法部) in February 2007. Mr. WANG graduated from Hangzhou Institute of Electronic Engineering (杭州電子工業學院) (now Hangzhou Dianzi University (杭州電子科技大學)) with a bachelor's degree in accounting in July 1995, and later received a master's degree in investment management from Sir John Cass Business School of The City University London in March 2004.

Mr. CHEN Geng (陳庚), born in 1970, is an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee. Mr. CHEN served in the following positions in Peking University Resources (Holdings) Company Limited (name changed from "EC-Founder (Holdings) Company Limited" on October 25, 2013; a company listed on the Main Board of the Stock Exchange, stock code: 618): executive president from 2005 to 2006, executive director from 2006 to May 2013 and vice president from May 2013 to September 2019. He was also an executive director of Founder Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 418) from 2006 to 2011 and the vice president of New Auto Group (新奧特集團) from 2004 to 2005, and had worked in various investment firms in the PRC, garnering extensive experience in finance and management. Mr. CHEN has obtained the qualification of senior economist (高級經濟師) from China State Construction Engineering Corporation Limited (中國建築工程總公司) in October 2010. He graduated from Northwest University (西北大學) with a bachelor's degree in administrative management in July 1993 and later received an EMBA degree from Guanghua School of Management, Peking University (北京大學光華管理學院) in January 2005.

Ms. WANG Fengli (王鳳麗), born in 1963, is an independent non-executive Director, a member of both the Remuneration Committee and Nomination Committee of the Company. In addition to her roles with the Group, Ms. WANG has worked in Northwest University of Political Science and Law (西北政法大學) starting from July 1985 to May 2023, and successively served as an assistant professor and lecturer in the Teaching and Research Office of Party History of the Department of Theory (理論系黨史教研室), an associate professor and director of the Teaching and Research Office of International Trade of the Department of Economics and Trade (經貿系國際貿易教研室), a professor and director of the Department of International Trade of the School of Economics (經濟學院國際貿易系), and a person-in-charge of the Master's degree programme for International Commerce (國際商務專業). She was an independent director of Sunresin New Materials Co., Ltd, Xi'An. (西安藍曉科技新材料股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300487) from 2015 to April 2021. Ms. WANG obtained the Education Certificate of Independent Director qualification (獨立董事資格教育證書) of Shenzhen Stock Exchange in August 2015. Ms. WANG graduated from Sichuan University with a Bachelor's degree in History in July 1985, and later received a Master's degree in Law from Northwest University of Political Science and Law (西北政法大學) in March 2006.

SENIOR MANAGEMENT

Ms. Yue'e ZHANG (張月娥), born in 1963, is the CEO, Chairman and an executive Director. Her biographical details are set out above under the section headed "Profile of Directors and Senior Management —Executive Director" in this annual report.

Mr. HUA Wei (華煒), born in 1970, is the Company's vice president. Since January 2022, Mr. HUA has served as a director of Sichuan Ruijian Medical, a non-wholly owned subsidiary of the Company, whose shares have been quoted on the NEEQS since December 5, 2024 (stock code: 874652). Mr. HUA is also a director of certain other subsidiaries of the Company. Prior to joining the Group in April 2011 as Fert Technology's general manager, Mr. HUA had served as an executive assistant general manager and general manager of Zhongguancun Development Hi-Tech Incubator Co., Ltd (中關村興業(北京)高科技孵化器股份有限公司) from 2002 to 2011. Mr. HUA also held various managing positions with the branch companies of Xinjiang Securities Corporation Limited (新疆證券有限責任公司) from 1995 to 2001. Mr. HUA started his career with the Shihezi branch of the People's Bank of China (中國人民銀行石河子市分行) in 1991. Mr. HUA graduated from Changchun College of Finance (長春金融專科學校) with a diploma in finance in July 1991, and received an MBA degree from Renmin University of China (中國人民大學) in January 2009.

Mr. CHEN Yikun (陳怡琨), born in 1976, is the Company's vice president. Since June 2023, Mr. CHEN has served as a director of Sichuan Ruijian Medical, a non-wholly owned subsidiary of the Company, whose shares have been quoted on the NEEQS since December 5, 2024 (stock code: 874652). Mr. CHEN is also a director of another subsidiary of the Company. Prior to joining the Group in January 2014, Mr. CHEN was a senior manager at PricewaterhouseCoopers LLP and he has over 10 years of experience in assurance and advisory practice. From 2005 to 2006, Mr. CHEN served as a project manager in merger and acquisition in China Resources Petrochems (Group) Co., Ltd. (華潤石化(集團)有限公司) before he rejoined PricewaterhouseCoopers LLP in 2006. Before joining PricewaterhouseCoopers LLP in 2001, Mr. CHEN served as an accounting supervisor of Hutchison Whampoa Properties (Shenzhen) Co., Ltd. (和記黃埔地產(深圳)有限公司) from 1998 to 2001. Mr. CHEN is a fellow member of the Association of Chartered Certified Accountants, the Institute of Public Accountants, and the Governance Institute of Australia, a member of the Chinese Institute of Certified Public Accountants, and the Tax Institute of Australia. Mr. CHEN graduated from Shantou University (汕頭大學) with a bachelor's degree in economics in July 1998, received Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia in January 2018, and received Graduate Diploma of Applied Tax Law from the Tax Institute of Australia in December 2020.

Ms. TIAN Tian (田甜), born in 1982, is the Company's financial director. Prior to joining the Group in January 2020, Ms. TIAN served as the chief financial officer in Sinowel Wealth Management Group from 2017 to 2020. She served as the financial controller in Century Sage Scientific Holdings Limited from 2014 to 2017. She started her career with PricewaterhouseCoopers Zhong Tian LLP from 2006 and has over 8 years of experience in assurance and advisory practice. Ms. TIAN is a member of the Chinese Institute of Certified Public Accountants and a member of The Hong Kong Chartered Governance Institute, Chartered Secretary and Chartered Governance Professional. Ms. TIAN graduated from Wuhan University (武漢大學) with bachelor's degree in management in July 2004, and later received a master's degree in accounting from University of International Business and Economics (對外經濟貿易大學) in July 2006 and an MBA degree from University College London in March 2021, respectively.

Management Discussion and Analysis

MARKET AND BUSINESS REVIEW

PW Medtech Group Limited (the "Company" or "PW Medtech", together with its subsidiaries, the "Group") is a leading medical device company in China, focusing on high growth and high-margin segments in China's medical device industry. It is committed to expanding into high potential new markets to consolidate its leading position in the industry. In 2025, the Group continued to focus on developing its core businesses, adapted proactively to market changes, strengthened the research and development ("R&D") and innovation capabilities, and built a solid foundation for its long-term development.

Looking back at 2025, global economic growth presented a complex landscape amid multiple challenges, including elevated trade barriers, ongoing geopolitical conflicts, and high volatility in financial markets. Against the backdrop of intensified global economic uncertainty, industries across sectors have focused on fostering new-quality productive forces, cultivating new growth drivers through innovation and transformation, in order to pursue progress while maintaining stability.

Looking back over the past year, amid a confluence of opportunities and challenges, China's medical device industry has maintained stable and orderly development. Volume-based procurement has continued to advance with expanded coverage, presenting challenges to enterprises' profit margins and business models. In the long run, enterprises are actively seizing structural opportunities in industry restructuring by continuously optimizing internal management and operational mechanisms to adapt to the normalized operation requirements of the volume-based centralized procurement. Meanwhile, supported by national policies encouraging R&D and innovation, rigid demand growth driven by population aging and rising public health awareness, as well as the continuously improving global competitiveness of domestic medical devices, China's medical device industry is poised to enter a strategic period of opportunity for the transformation of old and new growth drivers.

For the year ended December 31, 2025, the Group's revenue amounted to RMB823.5 million, representing a year-on-year increase of 7.1% compared with 2024, mainly due to the steady growth in the sales volume of the Blood Purification Business and the solid commercial launch of the Regenerative Medical Biomaterials Business, which offset the impact of the decline in sales of the Infusion Set Business segment caused by the substantially full implementation of the volume-based centralized procurement policy. At the same time, the Group recorded a gross profit of RMB407.5 million, representing a year-on-year decrease of 2.9% compared with 2024, with an overall gross profit margin of 49.5% for the period. Profit attributable to owners of the Company amounted to RMB94.4 million, representing a year-on-year decrease of 37.4% compared with the previous year. In 2025, the Group maintained a stable financial position, with cash and cash equivalents of the Company amounting to RMB1,802.8 million and a healthy cash flow.

BUSINESS STRATEGIES AND FUTURE OUTLOOK

Focusing on the fast-growing and high-margin medical device market, PW Medtech continues to advance technological innovation and product development, gradually improves and enriches its product portfolio, and enhances product adaptability and market coverage capabilities. At present, the Group has established the business layout comprising three business segments, namely the "Infusion Set Business", the "Blood Purification Business" and the "Regenerative Medical Biomaterials Business".

In terms of the Infusion Set Business segment, the Group is a leading company in China in the advanced infusion set business sector. It continues to intensify its development in the Infusion Set Business while actively paying attention to the emerging trends of infusion products, focusing on the R&D, manufacturing and sale of products including infusion sets, cannula, and insulin needles and pens, etc. Since infusion therapy is one of the most common treatments alternatives in clinical practice, China's infusion consumables industry has reached a critical stage of value restructuring amid multiple factors, including the accelerating population ageing, the deepening of tiered healthcare systems, and the normalization of the volume- based centralized procurement policies. In 2025, with the further implementation of the volume-based centralized procurement policies for products covering infusion sets, cannulas and other products, volume-based procurement was gradually rolled out in some non-participating regions, leading to a significant decline in product prices. During the Reporting Period, revenue from the Group's Infusion Set Business amounted to RMB207.6 million, representing a decrease of 27.6% over the corresponding period of last year, and accounting for approximately 25.2% of the consolidated operating revenue of the Group during the Reporting Period. The Group will continue to implement the "low cost and high quality" strategy, optimize production processes, ensure product quality, take multiple measures to improve operating efficiency and reduce operating costs, and actively adjust marketing strategies to cope with market challenges. Meanwhile, the Group will continuously improve the functionality and safety of existing products, actively monitor the emerging hotspots of infusion products, expand its product portfolio, and develop new markets through R&D and innovation.

In terms of the Blood Purification Business segment, Sichuan Ruijian Medical, the entity operating this business, achieved relatively sound growth through continuous R&D investment, resource integration and market expansion. Driven by population ageing and the rising incidence of chronic kidney disease, the number of ESRD (end-stage renal disease) patients requiring hemodialysis treatment has grown significantly. Meanwhile, the gradual improvement of the medical insurance system has boosted the willingness of ESRD patients to receive treatment. Coupled with the continuous optimization and upgrading of hemodialysis technologies, which have effectively improved patient treatment compliance, the treatment penetration rate in China has continued to rise. Going forward, China's hemodialysis treatment penetration rate is expected to increase further, and the number of hemodialysis centers is also projected to grow, with the market potential of hemodialysis products to be gradually unlocked. Since 2024, the volume-based procurement of blood purification consumables has continued to advance. The Company's hemodialyzer, hemodiafilter, dialysis tube and arteriovenous fistula puncture needle products were all selected in the 2024 inter-provincial alliance volume-based procurement for hemodialysis consumables covering 23 provinces (regions and corps) including Henan Province, as well as the "3+N" alliance covering the Beijing-Tianjin-Hebei region. Although volume-based procurement has exerted certain pressure on the pricing and profit margins of relevant products through the "volume-for- price" mechanism, in the long run, it will help secure stable industry procurement volumes, reduce marketing expenses, and allow enterprises to focus on production and R&D to enhance product quality. Meanwhile, the Group has continued to enrich its product portfolio of blood purification medical devices. In addition to blood purification consumables products, it has successfully entered the field of blood purification equipment and is actively carrying out sales expansion. In addition, the Group has proactively seized opportunities for overseas expansion and continued to develop international markets. During the year ended December 31, 2025 (the "Reporting Period"), the Blood Purification Business recorded steady growth, achieving operating revenue of RMB611.8 million, representing an increase of 26.9% over the corresponding period of the previous year, and accounting for approximately 74.3% of the consolidated operating revenue of the Group during the Reporting Period.

In terms of the Regenerative Medical Biomaterials Business segment, benefiting from the upgrading of China's healthcare consumption, accelerating population ageing, and rising penetration of medical beauty, the medical biomaterials industry is embracing a golden period of development with broad market opportunities. The Group's Regenerative Medical Biomaterials Business focuses on the R&D and manufacturing of animal-derived regenerative medical biomaterials and human tissue repair alternative products, with a comprehensive product pipeline covering breast reconstruction, oral repairing, herniorrhaphy, burns and scalds treatment, and cosmetic injection. The Group believes that the Regenerative Medical Biomaterials Business segment boasts exceptional growth potential and represents one of the most valuable investment subsectors in the medical device industry. In 2025, the Group's Regenerative Medical Biomaterials Business achieved a strong start in commercialization. During the Reporting Period, it recorded an operating revenue of RMB4.1 million. The Group will fully leverage its technological advantages and resource integration capabilities, make active efforts in sales and marketing initiatives to drive the growth of sales and promote the launch more innovative products to the market.

As of December 31, 2025, the Group had obtained 59 registration certificates, covering infusion set, cannula, hemodialyzer, hemoperfutor, hemodialysis equipment, breast tissue patch, absorbable oral cavity repair membrane, biologic patch, intestinal feeding device, insulin injection pen, insulin injection needle and blood transfusion set, etc. The Group also has a number of product candidates under development at various stages.

Looking ahead, the Group will continue to consolidate its leading position in China's medical device industry, advance capability building focused on improving medical safety and efficiency, continuously promote cost reduction and efficiency enhancement, strengthen quality management, enhance R&D innovation and product iteration, and optimize market strategies and resource allocation, so as to enhance its overall competitiveness and strive to reward shareholders and investors with sound operating performance.

Emphasis on Innovation and R&D

The Group has always believed that innovation and R&D is an important cornerstone for achieving sustainable development in the medical device industry. It has always focused on improving its R&D capabilities and commercialization efficiency, while accelerating product iteration and technological upgrading. Currently, the Group has an experienced R&D team with a strong academic and research background, which supports the Group in developing innovative products and continuously strengthening its R&D capabilities.

In 2025, the Group's product registration and R&D work processes progressed smoothly:

- In the Infusion Set Business segment, the Group has been focusing on R&D and continuously optimizing the materials and performance of infusion set and cannula products to improve its product line in the infusion healthcare field, and has also been proactively exploring medical devices for diabetes mellitus and other healthcare fields. The Group obtained the registration certificate for disposable blunt-end injection needles used for cosmetic injection in 2025, and has submitted the registration applications for electronic pen injectors used for insulin injection, and single-use solution transfer devices used for drug dispensing and solution transfer.

- In the Blood Purification Business segment, the Group submitted registration applications for the hemodiafilter used for continuous blood purification treatment and the disposable hemoperfutor used for removing exogenous drugs or poisons in 2025, further expanding the Company's product portfolio in the field of blood purification consumables. Furthermore, the Group expects to submit the registration application for Non-compliant PTA Drug Balloon Catheters for treatment of vascular stenosis and occlusion in arteriovenous fistulas for hemodialysis patients in the first half of 2026, thereby entering the vascular access maintenance field.

- In the Regenerative Medical Biomaterials Business segment, the Group submitted the registration application for injectable tissue matrix filler for cosmetic injections in 2025. In January 2026, the Group obtained the product registration certificate for dural patch used for dural defect repair, and formally initiated clinical trials for a bio-sponge product for tissue defect filling and repair regeneration.

As of December 31, 2025, the Group had obtained 59 registration certificates and owned 175 patents and copyrights, including 67 patents relating to infusion set products, 84 patents and copyrights for blood purification products, and 24 patents for regenerative medical biomaterial products and had applied for 59 new patents. The Group will continue to focus on product innovation and R&D. Adhering to the R&D strategy of "produce one generation, develop the next pioneering generation", the Group will concentrate on R&D and innovation of medical devices, improve the Group's overall competitiveness and further consolidate its leading position in the industry.

Expansion of Distribution Networks

The Group has an experienced and strong professional sales and marketing team to support and consolidate our distribution networks in 31 provinces, municipalities and autonomous regions across the country and to strengthen product promotion for all business segments. The Group's sales force has an average of 10 years of experience in their respective fields, and nearly half of the members of the sales and marketing team have a medical education background, which facilitates their professional and effective communication with doctors and nurses.

The Group continued to optimize sales structure and marketing strategies, keep abreast of policies in the medical industry and flexibly adjust bidding strategies. In terms of operation and management, the Group continued to implement the "low cost and high quality" strategy to improve operation efficiency.

Strategic Share Repurchase Scheme

The Board has announced the repurchase of shares in the open market under the repurchase mandate from time to time during the 12-month period commencing July 2025 (the "2025 Share Repurchase Scheme"). Pursuant to the 2025 Share Repurchase Scheme, the Board intends to repurchase not more than 10% of the total number of the Company's issued shares (excluding treasury shares) as at the date of the 2025 AGM of Shareholders on the Stock Exchange or any other stock exchange recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange. The Board has designated a dedicated officer of the Company to implement the share repurchase under the repurchase mandate in light of the market conditions. During the period, the Company proactively proceeded the 2025 Share Repurchase Scheme. As at the date of this annual report, the Company had repurchased a total of 19.488 million shares, accounting for 1.31% of the total share capital (excluding treasury shares) of the Company prior to the commencement of the 2025 Share Repurchase Scheme. The highest transaction price was HK$1.56 per share, the lowest transaction price was HK$1.28 per share, and the total transaction amount was approximately HK$27.664 million. The share repurchase helps enhance the liquidity of the Company's shares, lend support to the share price, demonstrate the management's confidence in the long-term value of the Company, and improve the flexibility of the capital structure. For details of the share repurchases completed by the Company prior to the date of this annual report, including the number and price of the shares repurchased, please refer to the section headed "Purchase, Sale or Redemption of Listed Securities of the Company" in this annual report.

In the future, the Company will continue to pay close attention to the market dynamics, and flexibly adjust the share repurchase strategy according to the Company's financial position and operating conditions, so as to protect the interests of shareholders and investors.

OVERVIEW

	For the year ended December 31,		
	2025	2024	Change
	RMB'000	RMB'000	
Revenue			
— Infusion Set Business	**207,643**	286,646	–27.6%
— Blood Purification Business	**611,792**	482,257	26.9%
— Regenerative Medical Biomaterials Business	**4,070**	—	Not applicable
Total Revenue	**823,505**	768,903	7.1%
Gross profit	**407,459**	419,448	–2.9%
Gross profit margin	**49.5%**	54.6%	
Profit for the year	**135,253**	192,522	–29.7%
Profit attributable to owners of the Company	**94,374**	150,780	–37.4%
Adjusted profit for the year[(1)]	**197,599**	233,469	–15.4%
Adjusted Profit attributable to owners of the Company[(1)]	**127,737**	172,355	–25.9%

Note:

(1) Please refer to the section entitled "Non-HKFRS Measure — Adjusted Net Profit and Adjusted Net Profit Attributable to Owners of the Company" for more information about the non-HKFRS measures.

REVENUE

The total revenue of the Group increased by 7.1% from approximately RMB768.9 million in 2024 to approximately RMB823.5 million in 2025, mainly as a result of increase in sales from the Blood Purification Business, alongside the first-ever recorded revenue from Regenerative Medical Biomaterials Business, partially offset by the decrease in sales from the Infusion Set Business.

Revenue from the Blood Purification Business for the year ended December 31, 2025 amounted to approximately RMB611.8 million, representing an increase of 26.9% compared to approximately RMB482.3 million in 2024. The increase was mainly due to higher sales volume driven by the increased market demand and the expansion of sales network, including a rapid growth in export sales and sales of dialysis machine, partially offset by the decrease in unit sales price with the implementation of the volume-based procurement in the domestic market.

Revenue from the Infusion Set Business amounted to approximately RMB207.6 million for the year ended December 31, 2025, representing a decrease of 27.6% from 2024. The decrease was mainly due to the near-full implementation of the volume-based centralized procurement policy, which covered Beijing and other regions that account for a high proportion of the Group's sales, coupled with sustained price pressure.

Revenue from the Regenerative Medical Biomaterials Business amounted to approximately RMB4.1 million for the year ended December 31, 2025, marking its revenue debut, mainly contributed by the successful launch of breast tissue patch in the market.

GROSS PROFIT

The Group's gross profit decreased by 2.9% from approximately RMB419.4 million in 2024 to approximately RMB407.5 million in 2025. The gross profit margin decreased from 54.6% in 2024 to 49.5% in 2025, which was mainly due to the decrease in the gross profit margin of the Blood Purification Business and the Infusion Set Business.

The gross profit margin of the Blood Purification Business decreased from 51.0% in 2024 to 47.8% in 2025, primarily due to (i) the decrease in unit sales prices resulting from the volume- based centralized procurement policy implemented since June 2024; (ii) a higher proportion of export sales, which have lower gross margin rates.

The gross profit margin of the Infusion Set Business decreased from 60.5% in 2024 to 54.0% in 2025, which was mainly due to the decrease in unit sales prices resulting from the expansion of implementation areas of volume-based procurement policy.

The gross profit margin of the Regenerative Medical Biomaterials Business was 63.7% for the Reporting Period, reflecting its early-phase production scale.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses increased by 15.0% from approximately RMB84.1 million in 2024 to approximately RMB96.7 million in 2025. This increase was attributable to the increase in selling and marketing expenses incurred by the Blood Purification Business and the Regenerative Medical Biomaterials Business, partially offset by the decrease in selling and marketing expenses incurred by the Infusion Set Business.

Selling and marketing expenses of the Blood Purification Business increased by 36.1% from approximately RMB35.3 million in 2024 to approximately RMB48.0 million in 2025, which was mainly due to (i) the increase of share-based compensation expense from RMB5.7 million for the year ended December 31, 2024 to RMB8.0 million for the Reporting period as a result of the implementation of the stock incentive plan of Sichuan Ruijian Medical in April 2024; (ii) increased staff remuneration caused by increased headcount; and (iii) the increase in export agency service fee.

Selling and marketing expenses of the Regenerative Medical Biomaterials Business amounted to approximately RMB6.8 million for the Reporting Period, which was nil for the year ended December 31, 2024. The increase was due to the continuing efforts for market development for the Reporting Period. Selling and marketing expenses of the Regenerative Medical Biomaterials Business mainly consist of personnel expenses of sales team.

Selling and marketing expenses of the Infusion Set Business decreased by 14.2% from approximately RMB48.8 million in 2024 to approximately RMB41.9 million in 2025 due to the decrease in promotion expenses and staff cost as a result of sales contraction.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by 8.0% from approximately RMB159.5 million in 2024 to approximately RMB172.2 million in 2025. The increase was mainly attributable to the increase in administrative expenses incurred by the Blood Purification Business and the Regenerative Medical Biomaterials Business, partially offset by the decrease of administrative expenses incurred by the group headquarters and the Infusion Set Business.

The general and administrative expenses of the Blood Purification Business increased by 9.6% from approximately RMB69.4 million in 2024 to approximately RMB76.1 million in 2025. The increase was mainly due to (i) the increase of share-based compensation expense from RMB12.0 million for the year ended December 31, 2024 to RMB17.2 million for the Reporting period as a result of the implementation of the stock incentive plan of Sichuan Ruijian Medical in April 2024; and (ii) increased staff remuneration caused by increased headcount, partially offset by the decrease of approximately RMB3.1 million in professional service fees related to the Spin-off.

The general and administrative expenses of the Blood Purification Business included amortization and depreciation of fair value increments on assets identified and recorded in the Group's consolidated financial statements during the business combination accounting process under HKFRSs, which amounted to approximately RMB21.5 million for the year ended December 31, 2025 (approximately RMB21.5 million for the year ended December 31, 2024).

The general and administrative expenses of the Regenerative Medical Biomaterials Business increased by 50.6% from approximately RMB29.1 million in 2024 to approximately RMB43.9 million in 2025. The increase was primarily attributed to the amortisation of the fair value increments on intangible assets identified and recognised during the business combination accounting process under HKFRSs, which increased by approximately RMB18.8 million from approximately RMB20.9 million for the year ended December 31, 2024 to approximately RMB39.7 million for the year ended December 31, 2025.

During the accounting process for the acquisition of Beijing Ruijian Biological, the Group recognised certain fair value increments on intangible assets which totaling approximately RMB793.7 million. These intangible assets relate to certain products under development as at the date of acquisition. The amortisation was calculated using the straight-line method over a 20-year period, commencing upon the Group obtaining registration certificate for the products. For the seven-month period ended July 31, 2024, only part of the intangible assets were amortised, with a fixed monthly amortisation of approximately RMB0.6 million recorded during the year as not all the relevant registration certificates were obtained. Starting from August 1, 2024, amortisation has commenced for all of the foresaid intangible assets with fair value increments, as Beijing Ruijian Biological had obtained the registration certificates for the relevant products and started preparing for the production and sales of such products. Accordingly, the fixed monthly amortisation (before income tax) increased to approximately RMB3.3 million from August 2024 onward.

The general and administrative expenses of the group headquarters and the Infusion Set Business decreased by 14.2% from approximately RMB60.9 million in 2024 to approximately RMB52.2 million in 2025. The decrease was mainly due to the effective cost control and the decrease of repair and maintenance costs for the properties.

R&D EXPENSES

R&D expenses increased by 9.7% from approximately RMB44.1 million in 2024 to approximately RMB48.4 million in 2025, which was mainly due to the increase of R&D expenses incurred by the Blood Purification Business, partially offset by the decrease of R&D expenses incurred by the Regenerative Medical Biomaterials Business.

R&D expenses of the Blood Purification Business increased from approximately RMB18.2 million in 2024 to approximately RMB24.6 million in 2025. The increase was mainly due to increased investment in R&D projects.

R&D expenses of the Regenerative Medical Biomaterials Business decreased from approximately RMB12.7 million in 2024 to approximately RMB9.9 million in 2025. The decrease was mainly due to the decrease in direct R&D expense, since some R&D projects are not at stages that require substantial R&D investment.

OTHER GAINS, NET

Net other gains decreased by 38.0% from approximately RMB46.2 million for the year ended December 31, 2024 to approximately RMB28.7 million for the Reporting Period, mainly due to the foreign exchange loss amounted to RMB6.9 million caused by the fluctuation of the exchange rate between RMB and US dollar, while a foreign exchange gain of RMB7.5 million was recorded for the year ended December 31, 2024.

FAIR VALUE LOSS ON INVESTMENT PROPERTIES

Fair value loss on investment properties increased from approximately RMB1.2 million for the year ended December 31, 2024 to approximately RMB1.8 million for the Reporting Period. The fair value loss was mainly due to the decline of the rental market.

OPERATING PROFIT

Operating profit decreased by 31.9% from approximately RMB179.5 million for the year ended December 31, 2024 to approximately RMB122.3 million for the Reporting Period, which was the net result of: (i) the decrease of the operating profit generated by the group headquarters and the Infusion Set Business from RMB91.5 million for the year ended December 31, 2024 to approximately RMB32.8 million for the Reporting Period due to the decrease in gross profit and net other gains, partially offset by decrease in selling and marketing expenses and administrative expenses; (ii) the increase in the operating loss generated by the Regenerative Medical Biomaterials Business from approximately RMB41.4 million for the year ended December 31, 2024 to approximately RMB56.9 million for the Reporting Period due to the increase in straight-line method amortisation expenses of the intangible assets related to the products obtaining licenses in 2024, while their respective sales are yet to be further ramp up; and (iii) the increase of the operating profit generated by the Blood Purification Business from approximately RMB129.4 million for the year ended December 31, 2024 to approximately RMB146.4 million for the Reporting Period due to the increase in gross profit, partially offset by increase of share-based compensation expenses, staff remuneration cost and R&D expenses.

FINANCE INCOME, NET

Net finance income decreased by 15.1% from approximately RMB50.3 million for the year ended December 31, 2024 to approximately RMB42.7 million for the Reporting Period. The decrease was mainly due to lower interest rates of bank deposits.

INCOME TAX EXPENSES

Income tax expenses decreased by 20.1% from approximately RMB37.2 million for the year ended December 31, 2024 to approximately RMB29.7 million for the Reporting Period, which was mainly due to the decrease in taxable profit.

PROFIT FOR THE YEAR AND PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit for the year of the Group and profit attributable to owners of the Company was approximately RMB135.3 million and RMB94.4 million in 2025, representing a decrease of 29.7% and 37.4% from RMB192.5 million and RMB150.8 million in 2024, respectively. The decrease was mainly due to decreases of operating profit and finance income.

NON-HKFRS MEASURE — ADJUSTED NET PROFIT AND ADJUSTED NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

To supplement our consolidated financial information which are presented in accordance with HKFRS, we set forth below our adjusted net profit and adjusted net profit attributable to owners of the Company, each a non-HKFRS measure, as additional financial measures.

Adjusted net profit and adjusted net profit attributable to owners of the Company is defined as profit for the year or profit attributable to owners of the Company, as adjusted by adding back (i) share-based compensation expenses of the Blood Purification Business; (ii) professional services fee relating to the Spin-off; (iii) amortization of fair value increments on intangible assets recognised in the acquisition of Beijing Ruijian Biological; and (iv) income tax effects of non-HKFRS adjustments.

We believe that the presentation of non-HKFRS measures facilitates comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items that the Group does not consider indicative of the performance of the business of the Group. We believe that this measure provides useful information to investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they help our management. However, the use of non-HKFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of the Group's results as reported under HKFRS. In addition, this non-HKFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

The following table sets forth the reconciliations of our non-HKFRS financial measures for the year ended December 31, 2025 and 2024 to the nearest measure prepared in accordance with HKFRS.

	For the year ended December 31,		
	2025	2024	Change
	RMB'000	RMB'000	
Profit for the Year under HKFRS	**135,253**	192,522	–29.7%
Add:			
Share-based compensation expenses of the Blood Purification Business[1]	**26,452**	18,599	
Professional services fees related to the Spin-off	**2,733**	5,876	
Amortization of fair value increment on intangible assets recognised in the acquisition of Beijing Ruijian Biological[2]	**39,683**	20,856	
Income tax effects of non-HKFRS adjustments above	**(6,522)**	(4,384)	
Adjusted net profit (non-HKFRS)	**197,599**	233,469	–15.4%
Profit attributable to owners of the Company under HKFRS	**94,374**	150,780	–37.4%
Add:			
Share-based compensation expenses of the Blood Purification Business[1]	**12,684**	9,018	
Professional services fees related to the Spin-off	**1,325**	2,849	
Amortization of fair value increment on intangible assets recognised in the acquisition of Beijing Ruijian Biological[2]	**23,095**	12,138	
Income tax effects of non-HKFRS adjustments above	**(3,741)**	(2,430)	
Adjusted net profit attributable to owners of the Company (non-HKFRS)	**127,737**	172,355	–25.9%

Notes:

(1) The item represents the expenses related to share-based payments granted to employees of the Blood Purification Business. On April 18, 2024, the stock incentive plan was approved at the general meeting of Sichuan Ruijian Medical. Under the stock incentive plan, a total of 6,332,340 shares of Sichuan Ruijian Medical (approximately 2.06% shareholding percentage of Sichuan Ruijian Medical) held by its shareholder and employee shareholding platform Ningbo Zhengyao Investment Management Center (Limited Partnership) (寧波正垚投資管理中心(有限合夥)) ("**Ningbo Zhengyao**") will be granted to eligible employees of Sichuan Ruijian Medical. The exercise price per share granted is RMB1.783. All realised gains and corresponding yields of Ningbo Zhengyao will be distributed to the grantees.

The vesting period is from the date of grant until the end of fourth year following the successful initial public offering of Sichuan Ruijian Medical, and the fair value of the shares granted to employees less amount paid by employees is recognized as expenses over the vesting period.

For the year ended December 31, 2025, approximately RMB17.2 million, RMB8.0 million, RMB0.7 million and RMB0.6 million of share-based compensation expense was recognized as general and administrative expense, selling and marketing expense, R&D expense, and manufacturing overheads, respectively.

(2) The item represents the amortisation of fair value increments on intangible assets identified and recognised through the business combination of Beijing Ruijian Biological. Please refer to the section headed General and Administrative Expenses for details of this item.

TRADE AND OTHER RECEIVABLES

The Group's trade receivables primarily comprised the outstanding payment from credit sales. As of December 31, 2025, the trade and other receivables of the Group was approximately RMB168.1 million, representing an increase of approximately RMB1.3 million as compared to approximately RMB166.8 million as of December 31, 2024, which was mainly due to the increase in trade and other receivables of the Blood Purification Business, partially offset by the decrease in trade and other receivables of the group headquarters and the Infusion Set Business.

Trade and other receivables of the Blood Purification Business increased from approximately RMB35.4 million as of December 31, 2024 to approximately RMB66.9 million as of December 31, 2025, mainly due to the increase in overseas sales where longer credit periods are usually provided to the distributors due to time-consuming processes involved in cross-border orders.

Trade and other receivables of the group headquarters and the Infusion Set Business decreased from approximately RMB129.9 million as of December 31, 2024 to approximately RMB99.5 million as of December 31, 2025, mainly due to the collection of trade receivables and the decrease in sales in 2025.

The Group has selected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and established a provision matrix that was based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The details could be found in Notes 23 and 39(b) to the annual consolidated financial statements for the year ended December 31, 2025.

The Group reviews the financial performance of the customers with long aging receivables periodically and revises the credit terms granted to the customers based on credit risk analysis. Besides review of account receivables, the management may also use letter of collection and lawyer's letter to collect the receivables. The Group would also negotiate with customers to explore the use of debt agreement if there are higher risk of recoverability. In some circumstances, the internal legal department of the Group would be involved in collection of receivables to explore the availability of legal actions, and to issue formal communication to the customer before escalating the actions. Out of the trade receivables aged over 6 months that amounted to approximately RMB22.5 million (with a gross amount of approximately RMB36.3 million and loss allowances of approximately RMB13.8 million) at December 31, 2024, a total of approximately RMB24.4 million was subsequently received up to December 31, 2025. As at December 31, 2025, the Group had made loss allowances of approximately RMB12.6 million (as at December 31, 2024: RMB19.1 million) on the trade receivables with a gross amount of approximately RMB80.0 million (as at December 31, 2024: RMB92.0 million).

INVENTORIES

Inventories increased by 20.7% from approximately RMB120.3 million as at December 31, 2024 to approximately RMB145.2 million as at December 31, 2025, which was mainly due to the increase in inventories of the Blood Purification Business and the Infusion Set Business.

Inventories of the Blood Purification Business increased from approximately RMB79.4 million as at December 31, 2024 to approximately RMB93.1 million as at December 31, 2025, which was mainly due to stock of goods to meet the increased sales orders.

Inventories of the Infusion Set Business increased from approximately RMB32.9 million as at December 31, 2024 to approximately RMB41.6 million as at December 31, 2025, which was mainly due to the slowdown in inventory turnover as a result of declining sales.

Inventories of the Regenerative Medical Biomaterials Business increased from approximately RMB8.0 million as at December 31, 2024 to approximately RMB10.4 million as at December 31, 2025, which was mainly due to stock of goods for the expected market demand.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment mainly include buildings and facilities, machinery and equipment and construction in progress. As at December 31, 2025, the property, plant and equipment of the Group amounted to approximately RMB905.0 million, representing an increase of approximately RMB13.3 million as compared to approximately RMB891.7 million as at December 31, 2024. The increase was mainly the net result of construction in production lines, purchase of new production facilities and the depreciation.

INVESTMENT PROPERTIES

Investment properties, mainly comprising factories and offices which are held by the Group for long-term rental yields. As at December 31, 2025, the investment properties of the Group amounted to approximately RMB261.1 million, representing a decrease by approximately RMB1.8 million as compared to approximately RMB262.9 million as at December 31, 2024. The decrease was mainly due to the fair value loss of the properties. The detailed information regarding the investment properties could be found in Note 16 to the annual condensed consolidated financial statements.

INTANGIBLE ASSETS AND GOODWILL

The Group's intangible assets mainly include development cost, technology know-how, trademarks, computer software and customer relationship. The Group's goodwill, technology know- how, trademarks and customer relationships are mainly identified and recorded during the business combination accounting process for the acquisitions of subsidiaries. The intangible assets are amortised with straight line method for 5–20 years. The goodwill is subject to impairment test at each period end.

As at December 31, 2025, the net value of the Group's intangible assets and goodwill was approximately RMB1,582.5 million, representing a decrease of RMB49.9 million as compared to approximately RMB1,632.4 million as of December 31, 2024. The decrease was primarily the net result of amortisation of the intangible assets which amounted to approximately RMB64.9 million (2024:RMB44.3 million) and addition of capitalised development costs which amounted to approximately RMB15.0 million (2024: RMB15.6 million) for the Reporting Period.

LOAN RECEIVABLES

As at December 31, 2025, the Company's gross amount of loan receivable was RMB240.0 million which includes a loan granted to an independent third party in April 2023 as disclosed in the announcement of the Company dated April 20, 2023 and a loan granted to an independent third party in September 2023 and extended in May 2024 and May 2025 as disclosed in the announcement of the Company dated September 5, 2023 and May 31, 2024, respectively. The detailed information regarding the loan receivable, including the collaterals and key terms, could be found in Note 21 to the annual consolidated financial statements for the year ended December 31, 2025.

NON-CURRENT FINANCIAL ASSETS

As at December 31, 2025, the Group's non-current financial assets was approximately RMB70.7 million (December 31, 2024: RMB46.5 million), comprising investment in the H shares of Lepu Biopharma Co., Ltd. and an unlisted fund. The increase was mainly due to the increase in the fair value of the investment in the H shares of Lepu Biopharma Co., Ltd. as a result of increase in its share price. The detailed information regarding the non-current financial assets could be found in Note 20 to the annual consolidated financial statements for the year ended December 31, 2025.

FINANCIAL RESOURCES AND LIQUIDITY

As at December 31, 2025, the Group's cash and bank balances amounted to approximately RMB1,802.8 million (December 31, 2024: RMB1,682.0 million), the Group's financial assets at fair value through profit or loss amounted to approximately RMB5.0 million (December 31, 2024: RMB5.1 million). As at December 31, 2025, the Group's bank borrowing balance was RMB15.0 million (December 31, 2024: RMB5.8 million). The bank borrowing carried a fixed interest rate at 3.45% per annum.

The Board is of the opinion that the Group is in a healthy financial position and has sufficient resources to support its operations and meet its foreseeable capital expenditures.

PLEDGE OF ASSETS

As at 31 December 2025, the Group's property, plant and equipment with an aggregate carrying amount of approximately RMB68.8 million and right-of-use assets with an aggregate carrying amount of approximately RMB5.6 million were pledged to secure general banking facilities granted to the Group. Saved as disclosed above, during the year ended December 31, 2025, the Group did not enter into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third party. The Group did not have any interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to it or engages in leasing or hedging, R&D or other services with it.

COMMITMENTS

As of December 31, 2025, the Group had a total capital commitment of approximately RMB11.7 million (December 31, 2024: RMB25.6 million), comprising mainly contracted capital expenditure for acquisition of property, plant and equipment.

CAPITAL EXPENDITURE

During the year ended December 31, 2025, the Group incurred capital expenditure of approximately RMB71.7 million (for the year ended December 31, 2024: RMB46.3 million) on the construction in progress including facilities and production lines and expenditure of approximately RMB33.3 million (for the year ended December 31, 2024: RMB25.8 million) on the purchase of property, plant and equipment as well as intangible assets.

GEARING RATIO

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as total borrowing divided by total capital. Total borrowing is bank borrowing as shown in the condensed consolidated statement of financial position. Total capital is calculated as "total equity" as shown in the condensed consolidated statement of financial position plus total borrowing.

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Total borrowing	**15,000**	5,800
Total equity	**4,853,733**	4,803,368
Total capital	**4,868,733**	4,809,168
Gearing ratio	**0.31%**	0.12%

FOREIGN EXCHANGE RISK

The Group mainly operates its business in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Foreign exchange risk arises from foreign currencies held by certain overseas subsidiaries. The Group did not hedge against any fluctuation in foreign currency during the year ended December 31, 2025. Management may consider entering into currency hedging transactions to manage the Group's exposure towards fluctuations in exchange rates in future.

CASH FLOW AND FAIR VALUE INTEREST RATE RISK

Other than bank balances with variable interest rates, and the loan receivables with fixed interest rate, the Group has no other significant interest-bearing assets. The management does not anticipate any significant impact to interest-bearing assets resulting from the changes in interest rates because the interest rates of bank balances are not expected to change significantly.

The Group's interest rate risk arises from bank and other borrowings. Borrowing issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively.

As at December 31, 2025, it was estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would not affect the Group's profit for the Relevant Period (for the year ended December 31, 2024: Nil).

The sensitivity analysis above has been determined by assuming that the change in interest rates had occurred at the end of Reporting Period and had been applied to the exposure to interest rate risk for the borrowings in existence on that date. The increase or decrease of the 100 basis points represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

CONTINGENT LIABILITIES

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

CREDIT RISK

The carrying amounts of cash and cash equivalents, trade and other receivables and loan receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problems.

The credit risk of bank balances is limited because the counterparties are banks with good reputation and most of them are state-owned commercial banks in China or public listed companies. Most of the bank deposits of the Group are placed with commercial banks with an acceptable credit rating.

For trade and other receivables and loan receivables, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Most of trade and other receivables balances are due from stated-owned enterprises or major customers with good repayment history. There was no material default of the balances in the past. Details of the Group's trade and other receivables credit management are also discussed above under the heading of "Trade and Other Receivables".

SIGNIFICANT INVESTMENTS

As at December 31, 2025, the Group did not hold significant investments with a value of 5% or more of the Company's total assets. As at the date of this annual report, the Group does not have any plan for material investments or purchase of capital assets.

Corporate Governance Report

The Board has committed to maintaining good corporate governance standards. The Board believes that good corporate governance standards are essential in providing framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Board considers that during the year ended December 31, 2025, the Company has applied the principles and complied with the code provisions set out in the CG Code, except for code provision C.2.1. Key corporate governance principles and practices of the Company as well as the foregoing deviation are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decisions and performances in the attainment of the objective of ensuring effective functioning and growth of the Group and enhancing value to investors. All the Directors carry out their duties in good faith, take decisions objectively and act in the interests of the Company and Shareholders at all times.

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have timely access to all relevant information as well as advice and services of the senior management and the Company Secretary, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The senior management is delegated the authority and responsibilities with clear directions by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management. The Board has the full support of the senior management to discharge its responsibilities.

A2. Board Composition

The composition of the Board as at the date of this report is as follows:

Executive Director:

Ms. Yue'e ZHANG *(Chairman of the Board, CEO and Chairman of the Nomination Committee)*

Non-executive Directors:

Mr. JIANG Liwei

Mr. LIN Junshan *(Member of both the Audit Committee and the Remuneration Committee)*

Independent non-executive Directors:

Mr. WANG Xiaogang *(Chairman of the Audit Committee and Member of the Nomination Committee)*

Mr. CHEN Geng *(Chairman of the Remuneration Committee and Member of the Audit Committee)*

Ms. WANG Fengli *(Member of both the Remuneration Committee and the Nomination Committee)*

Throughout the year ended December 31, 2025, the Board has met the requirements of the Listing Rules 3.10 and 3.10A of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with one of them, being Mr. WANG Xiaogang, possessing appropriate professional qualifications and accounting and related financial management expertise.

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. The executive Director is responsible for the businesses and functional divisions of the Group. The non-executive Directors scrutinize the performance of management in achieving agreed corporate goals and objectives and monitor the Group's performance reporting. The independent non-executive Directors bring different businesses and financial expertise, experiences and independent judgement to the Board and they constitute the majority of each of the Board committees of the Company. Through participation in Board meetings and taking the lead in managing issues involving potential conflicts of interests, the independent non-executive Directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the Shareholders.

To the best knowledge of the Directors, the Directors and senior management have no financial, business, family or other material/relevant relationships with one another. The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent with reference to the independence guidelines set out in the Listing Rules.

The Company has adopted the Board Independence Evaluation Mechanism (the "Mechanism") to ensure independent views and input are available to the Board, with the following key features: (i) the Nomination Committee is established with clear terms of reference to identify suitable candidates, including independent non-executive Directors, for appointment as Directors; (ii) the Nomination Committee will assess annually the independence of all independent non-executive Directors; and (iii) the Directors are entitled to seek, at the Group's expense, independent professional advice reasonably necessary for discharging their duties as Directors. The Board has reviewed the implementation and effectiveness of the Mechanism and considered it to be effective for the year ended December 31, 2025.

A3. Chairman and Chief Executive

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Ms. Yue'e ZHANG currently performs both the roles of the Chairman of the Board and the CEO. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies which is in the best interests of the Company. Under the leadership of Ms. Yue'e ZHANG, the Board works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

A4. Appointment and Re-election of Directors

All Directors are appointed for a specific term not more than 3 years, subject to renewal upon expiry of the existing term. The Company has issued letters of appointment (i) to Ms. Yue'e ZHANG, the executive Director for a term of 3 years from March 31, 2025; (ii) to Mr. JIANG Liwei, a non-executive Director, for a term of 3 years from March 31, 2025; (iii) to each of Mr. LIN Junshan, a non-executive Director, and Mr. WANG Xiaogang and Mr. CHEN Geng, independent non-executive Directors, for a term of three years from October 15, 2025; and (iv) to Ms. WANG Fengli, an independent non-executive Director, for a term of 3 years from March 31, 2025.

According to the Articles, one-third of the Directors for the time being (if their number is not three or a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors should be eligible for re-election at the relevant AGM. In addition, any new Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next AGM following his/her appointment. The Director appointed by the Board as aforesaid shall be eligible for re-election at the relevant AGM.

At the forthcoming 2026 AGM, Ms. Yue'e ZHANG and Mr. CHEN Geng shall retire by rotation pursuant to the Articles provisions as stated in the foregoing paragraph. Both of the above retiring Directors, being eligible, will offer themselves for re-election at the 2026 AGM. The Board and the Nomination Committee recommended their re-election. The Company's circular, published on the websites of the Company and the Stock Exchange together with this annual report, contains detailed information of the above Directors as required by the Listing Rules.

A5. Training and Continuing Development for Directors

Each newly appointed Director will receive formal induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Trainings and professional development for Directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to Directors from time to time for their study and reference.

The Directors are required to submit to the Company details of the trainings they received in each financial year for the Company's maintenance of proper training records of the Directors. According to the training records currently maintained by the Company, during the year ended December 31, 2025, the Directors have complied with the code provision C.1.1 of the CG Code on participation in continuous professional training as follows:

	Type of trainings/education	
	Attending trainings on regulatory development, directors' duties or other relevant topics	Reading regulatory updates or corporate governance related materials or materials relevant to directors' duties
Ms. Yue'e ZHANG	✓	✓
Mr. JIANG Liwei	✓	✓
Mr. LIN Junshan	✓	✓
Mr. WANG Xiaogang	✓	✓
Mr. CHEN Geng	✓	✓
Ms. WANG Fengli	✓	✓

A6. Directors' Attendance Records at Meetings

The Board meets to review the Company's key activities. Board meetings are held at least four times a year at approximately quarterly interval to discuss and review the objectives, strategies and policies of the Company, including any significant acquisitions and disposals, annual budget, financial performance and to approve the release of the financial results. Ad-hoc Board meetings will be held, as and when necessary, to address significant transactions or issues that may arise in between regular meetings.

The attendance records of each Director at the Board and Board committee meetings and the general meeting of the Company held during the year ended December 31, 2025 are set out below:

	Attendance/Number of Meetings					
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting	Extraordinary General Meeting
Executive Director:						
Ms. Yue'e ZHANG	4/4	—	—	1/1	1/1	1/1
Non-executive Directors:						
Mr. LIN Junshan	4/4	3/3	1/1	—	1/1	1/1
Mr. JIANG Liwei	4/4	—	—	—	1/1	1/1
Independent non-executive Directors:						
Mr. WANG Xiaogang	4/4	3/3	—	1/1	1/1	1/1
Mr. CHEN Geng	4/4	3/3	1/1	—	1/1	1/1
Ms. WANG Fengli	4/4	—	1/1	1/1	1/1	1/1

In addition, the Chairman held a meeting with the independent non-executive Directors without the presence of other Directors during the year ended December 31, 2025.

A7. Model Code for 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 and the Group's senior management who, because of their office or employment, are likely to possess inside information of the Company and/or securities. Specific enquiry has been made of all the Directors and they have confirmed their compliance with the Model Code throughout the year ended December 31, 2025. In addition, no incident of non-compliance of the Model Code by the senior management of the Group was noted during the year ended December 31, 2025.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and senior management in advance.

A8. Corporate Governance Functions

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

During the year under review, the Board has performed corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices; (ii) reviewed and monitored the training and continuous professional development of Directors and senior management; (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; (iv) reviewed and monitored the compliance of the Model Code; and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

B. BOARD COMMITTEES

The Company has three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website. All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B1. Remuneration Committee

The Remuneration Committee currently comprises a total of three members, being one non-executive Director, namely Mr. LIN Junshan, and two independent non-executive Directors, namely Mr. CHEN Geng (chairman of the Remuneration Committee) and Ms. WANG Fengli. Throughout the year ended December 31, 2025, the Company has met the Listing Rules requirements of having the majority of the Remuneration Committee members being independent non-executive directors as well as having the committee chaired by an independent non-executive director.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and on the remuneration packages of Directors and members of senior management (i.e. the model described in the code provision E.1.2(c)(ii) of the CG Code is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by the Board with reference to the performance of the individuals and the Company as well as market practice and conditions. The Remuneration Committee is also responsible for reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended December 31, 2025, the Remuneration Committee has reviewed the existing remuneration policy and structure of the Company, the remuneration packages of Directors and senior management, and proposed remuneration package of the proposed independent non-executive Director and made relevant recommendations to the Board.

The attendance records of each Committee member in the Committee meeting are set out in section A6 above.

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

Remuneration band (HK$)	Number of individual
Nil to HK$1,000,000	1
HK$1,000,001 — HK$1,500,000	3

The amount of remuneration includes the amortization of the fair value of share-based compensation, wages, salaries, bonus, contribution to social securities and housing fund. Details of the remuneration of each Director for the year ended December 31, 2025 are set out in Note 10 to the consolidated financial statements contained in this annual report.

B2. Nomination Committee

The Nomination Committee currently comprises a total of three members, being one executive Director and the Chairman of the Board, namely Ms. Yue'e ZHANG (chairman of the Nomination Committee), and two independent non-executive Directors, namely Ms. WANG Fengli and Mr. WANG Xiaogang. Throughout the year ended December 31, 2025, the Company has met the Listing Rules requirements of having a majority of the Nomination Committee members being independent non-executive directors and having the Nomination Committee chaired by the chairman of the Board.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive Directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular, the chairman and the chief executive of the Company.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the diversity on the Board, the integrity, experience, skills and professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

The Company also recognizes and embraces the benefit of having a diverse Board to enhance the quality of its performance. To comply with Rule 13.92 of the Listing Rules and the CG Code, a Board diversity policy was adopted by the Company, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board diversity policy and assessing the Board composition under diversified perspectives (including but not limited to gender, age, cultural and educational background, or professional experience). The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board. As of the date of this annual report, the Board consisted of six Directors, including two female Directors and professionals in law and accounting, and the Board has achieved diversity in its membership in terms of gender, professional background and skill, etc. As of the date of this annual report, 2 of 4 of the Company's senior management are female. As of December 31, 2025, the Group had a total of 947 female staff out of 1,477 employees, representing 64.1% of the employees of the Group. The Group will continue to take opportunities to increase the proportion of female board members and workforce over time as and when suitable candidates are identified. For further details, please refer to the Environmental, Social and Governance Report of the Company.

The Board and the Nomination Committee have reviewed the implementation and effectiveness of the board diversity policy and considered it to be effective for the year ended December 31, 2025.

The Company has adopted the director nomination policy. Such policy, devising the criteria and process of selection and performance evaluation, provides guidance to the Board on nomination and appointment of Directors. The Board believes that the defined selection process is good for corporate governance in ensuring the Board continuity and appropriate leadership at Board level, and enhancing better Board effectiveness and diversity as well as in compliance with the applicable rules and regulations.

During the year ended December 31, 2025, the Nomination Committee has performed the following major works:

— Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

— Recommendation of the re-appointment of the retiring Directors standing for re-election at the AGM held on June 10, 2025 (the "2025 AGM"); and

— Assessment of the independence of all the independent non-executive Directors.

In assessing the Board composition, the Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained. The attendance records of each Nomination Committee member in the Nomination Committee meeting are set out in section A6 above.

B3. Audit Committee

The Company has met the Listing Rules requirements regarding the composition of the Audit Committee throughout the year ended December 31, 2025. The Audit Committee currently comprises a total of three members, being one non-executive Director, namely Mr. LIN Junshan, and two independent non-executive Directors, namely Mr. WANG Xiaogang and Mr. CHEN Geng. The chairman of the Audit Committee is Mr. WANG Xiaogang, who possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making relevant recommendations to the Board; and reviewing the Company's financial reporting system, risk management and internal control systems and the effectiveness of the internal audit function.

During the year ended December 31, 2025, the Audit Committee has performed the following major works:

- Review and discussion of the annual financial statements, results announcement and report for the year ended December 31, 2024, the related accounting principles and practices adopted by the Group and the relevant audit findings, the report from the management on the Company's financial reporting system, internal control and risk management review and processes; and the major internal audit issues for the year ended December 31, 2024 and the existing internal audit function of the Company;

- Consideration and recommendation of the re-appointment of BDO Limited as the external auditor of the Company at the 2025 AGM;

- Review and discussion of the interim financial statements, results announcement and report for the six months ended June 30, 2025 and the related accounting principles and practices adopted by the Group;

- Review of continuing connected transactions;

- Discussion of the nature, plan and scope of the Group's audit and the audit fee for the year ended December 31, 2025; and

- Review of the arrangements for employees of the Group to raise concerns about possible improprieties in the Group's financial reporting, internal control or other matters and the investigation process on the reported cases.

The external auditor has attended all of the above meetings and discussed with the Audit Committee members on issues arising from the audit and financial reporting matters. Besides, there is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

The attendance records of each Audit Committee member in the Audit Committee meetings are set out in section A6 above.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors have acknowledged their responsibilities for preparing the financial statements of the Group for the year ended December 31, 2025.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports and other financial disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. RISK MANAGEMENT AND INTERNAL CONTROLS

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 Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems. The Board reviews the effectiveness of the risk management and internal control systems as well as the internal audit function of the Company on an annual basis through the Audit Committee.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including production, procurement, marketing, finance, human resources, and information technology. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

All departments conducted internal control assessments regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. The management, in coordination with department heads, assesses the likelihood of risk occurrence, provides treatment plans, and monitors the risk management progress. The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended December 31, 2025.

The Company's internal auditor is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. During the year under review, the internal auditor examined key issues in relation to the accounting practices and all material controls and provided its findings to the Audit Committee.

During the year ended December 31, 2025, the Board, as supported by the Audit Committee as well as the report from the management and the internal audit findings, reviewed half-annually the effectiveness of the Group's risk management and internal control systems, including the financial, operational and compliance controls, and considered that such systems are effective and adequate.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

E. COMPANY SECRETARY

Ms. SO Ka Man ("Ms. SO") of Tricor Services Limited, an external service provider, acts as the Company Secretary and is responsible for providing advice to the Board on corporate governance matters. Mr. CHEN Yikun, a vice president of the Company, is Ms. SO's primary contact person at the Company.

Ms. SO has confirmed that she has taken no less than 15 hours of relevant professional training during the year ended December 31, 2025.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

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

The fees paid/payable to BDO Limited in respect of audit services and non-audit services for the year ended December 31, 2025 are analyzed below. The non-audit services conducted by the external auditor mainly include interim results review, assurance services for the listing application of Sichuan Ruijian Medical on the Beijing Stock Exchange and other services.

Type of services provided by the external auditor	Fees paid/ payable (RMB'000)
Audit services	2,070,000
Non-audit services	2,020,000
TOTAL:	4,090,000

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has established the shareholders' communication policy and believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparent and timely disclosure of corporate information, which enables Shareholders and investors to make informed investment decision.

The Company maintains a website at www.pwmedtech.com as a communication platform with Shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. Shareholders and investors may send their written enquiries or requests to the Company via the following contact details:

Address: Room 1928, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Email: ir@pwmedtech.com

Fax number: (86) 10 80910699

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

Besides, Shareholders' meetings provide an opportunity for communication between the Board and the Shareholders. It is the Company's general practice that the chairman of the Board as well as chairmen of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, their duly appointed delegates will be available to answer questions at the AGM and other general meetings of the Company. In addition, the Company will invite representatives of the auditor to attend its AGM to answer Shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence, if any. The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective for the year ended December 31, 2025 with the above measures in place.

H. SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at Shareholders' meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company (www.pwmedtech.com) and the Stock Exchange after each Shareholders' meeting. The Articles allow a Shareholder entitled to attend and vote at a general meeting to appoint a proxy, who need not be a Shareholder, to attend the meeting and vote thereat on his/her/its behalf.

Pursuant to the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the voting rights (on a one vote per Share basis) in the issued share capital of the Company shall have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There is no provision allowing Shareholders to move new resolutions at general meetings under the Cayman Islands Companies Act or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

With respect to the Shareholders' right in proposing persons for election as Directors, please refer to the procedures available on the website of the Company.

During the year under review, the Company has not made any changes to the Articles. An up-to-date version of the Articles is available on the websites of the Company and the Stock Exchange.

Shareholders may refer to the Articles for further details of the rights of Shareholders.

Environmental, Social and Governance Report

STATEMENT OF THE BOARD

The board of directors of the Group (the "Board"), as the highest decision-making and supervisory institution for environmental, social and governance ("ESG") affairs, takes ultimate responsibility for the Group's ESG strategic direction, information disclosure and the management of climate-related issues. The Board comprehensively monitors all ESG-related matters that may have a material impact on business operations and long-term development, ensuring that they are systematically identified and managed. In order to effectively implement the relevant work, an ESG working group has been established under the Board. This working group is responsible for leading the identification and evaluation of ESG and climate-related risks and opportunities related to the Group's operations, and is committed to establishing and continuously optimizing the supporting risk management framework and internal control system. The working group regularly reports to the Board on the implementation progress and performance of ESG goals to ensure the consistency of strategies and actions. Please refer to "The Group's ESG Philosophy, Governance Structure and Risk Management" for details.

In terms of ESG-related target management, the Group has formulated specific and measurable management goals targeting key environmental indicators in the operation process, including greenhouse gas emissions, various pollutant emissions, energy efficiency and water resources use, and has established a corresponding execution and monitoring system. The Board conducts an annual review and evaluation of the achievement of these goals, and makes timely adjustments to management strategies and action plans according to changes in the internal and external environment and performance feedback, so as to promote the continuous improvement of ESG performance. Please refer to "Management of Emissions and Resources" for details.

The Group attaches great importance to the communication and interaction with each stakeholder, and actively listens to their opinions and expectations on ESG issues through sufficient open communication channels. This communication mechanism helps the Group more accurately identify materiality issues, identify and assess ESG and climate risks it may face, and integrate their feedback into the planning and revision process of ESG and climate strategies. The Board has reviewed the materiality issues established with the participation of stakeholders for the Year and approved the corresponding materiality assessment and issue matrix update and adjustment proposals, to ensure that they can timely reflect the operating environment of the Company and the core concerns of the stakeholders. Please refer to "Communication with the Stakeholders" for details.

This report aims to truthfully, accurately and completely present the Group's practices, progress and results in the ESG field in 2025. The data and information contained in the report have undergone strict internal collection, verification and review procedures. The Board and all Directors warrant that there are no false representations, misleading statements or material omissions contained in this report and accept corresponding responsibility for its content. The Report was formally reviewed and approved for issue by the Board on March 27, 2026.

ABOUT THIS REPORT

This is the tenth Environmental, Social and Governance Report (the "Report") issued by the Group, which aims to systematically report the latest progress and performance in ESG aspects in 2025 to the stakeholders through the Group's overall perspective to facilitate the stakeholders' understanding of the Group's ESG work. This Report is prepared in Chinese and English and has been uploaded to the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Group's official website at www.pwmedtech.com. In the event of any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Scope of Report

This Report discloses the ESG performance of the Group from January 1, 2025 to December 31, 2025 (the "Year"). The scope of the Report remains consistent with previous years' reports, covering the following major operating units of the Group: the Beijing and Xuzhou-based plants engaged in the "Infusion Set Business" (collectively referred to as the "Fert Plant"), Sichuan Ruijian Medical Technology Co. Ltd. ("Ruijian Medical") based in Chengdu and Guangzhou which is responsible for the "Blood Purification Business", and Beijing Ruijian High-Tech Biological Technology Co., Ltd. ("Ruijian Biological") based in Beijing focusing on the "Regenerative Medical Biomaterials Business".

Reporting Standards

The Report is prepared in accordance with the four reporting principles, namely materiality, quantitative, balance and consistency, specified in the Environmental, Social and Governance Reporting Code (the "Code") as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reporting Principles	Definition	Response
Materiality	Identify and highlight ESG issues that have a significant impact on the Group and various stakeholders.	The Group continued to maintain communication with various stakeholders through multiple channels during the Year, and the relevant content has been highlighted in the Report. Please refer to the section headed "Communication with the Stakeholders" for details.
Quantitative	In order to objectively reflect the performance, Key Performance Indicators (KPIs) in the report adopt measurable data. Where appropriate, historical data comparisons are provided to demonstrate trends and progress.	The KPI data in this Report is systematically collected and compiled by the relevant business and functional departments. To ensure the accuracy and credibility of environmental data (such as greenhouse gas emissions), the Group has entrusted an independent third-party professional consultant to carry out carbon assessment by referring to recognized international standards and guidelines. The Group has included relevant explanations and the standards, methodologies, assumptions and/or calculation tools adopted for quantitative indicators in the Report where appropriate.
Balance	The content of the report should objectively, truthfully and comprehensively report the ESG performance during the Year.	During the preparation of the Report, the Group adhered to the principle of balance. While elaborating on the ESG governance results, it also objectively reported the challenges encountered in its operations and the corresponding countermeasures.
Consistency	In order to facilitate stakeholders to track and understand the corporate ESG performance year by year, consistent statistical and calculation methodologies should be adopted to disclose KPIs. Any changes will be clearly stated.	To ensure comparability, the Group adopted the same statistical scopes and methodologies as in previous years, and compared the data for the Year with past data to facilitate stakeholders to track the trend of performance changes. Relevant data are set out in the section headed "Overview of Key Performance Indicators" of the Report.

Feedbacks

The Group attaches great importance to communication with stakeholders and welcomes all stakeholders to provide valuable opinions and recommendations on our ESG performance and related initiatives. If you have any suggestions or questions, please feel free to contact us through the following channels:

Address: Room 1928, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
E-mail: ir@pwmedtech.com

MESSAGE FROM DIRECTORS

As a leader in the medical device industry in China, the Group has always been focusing on and deeply cultivating the medical device industry. In 2025, the Group focused on its core businesses to enhance the enterprise's comprehensive strength and market competitiveness. While advancing business development, the Group attached greater importance to compliant operation, and improved corporate governance and internal control systems to safeguard the security of trade secrets and intellectual property. We strictly abide by the relevant laws and regulations in the medical industry to ensure product compliance, and continuously optimize market strategies. By strengthening quality control, increasing R&D investment and implementing systematic talent cultivation, we provide solid and reliable products and high-quality services to users.

We firmly believe that innovation and R&D are key to the advancement of the medical industry and the cornerstone for the Group to sustain its long-term competitive edge. The Group has built a R&D team led by senior experts, and has formed a close collaboration network with clinicians, medical institutions, universities and other research institutions to jointly promote technological development. As of December 31, 2025, the Group held a total of 175 valid patents and copyrights, with an additional 59 patents pending, representing a strong innovation pipeline. The Group's innovation strength is fully demonstrated across its business segments. The "Fert" brand under the Group is one of the first manufacturers approved by the National Medical Products Administration to produce precision filter infusion sets, and has been providing the market with safe and efficient infusion therapy solutions. Sichuan Ruijian Medical Technology Co. Ltd. of the Group owns a number of independent intellectual property rights. Leveraging its independent intellectual property rights and full-process production line R&D capabilities, it has become a leading enterprise in the field of domestic blood purification consumables, and has entered into blood purification equipment business. Beijing Ruijian High-Tech Biological Technology Co., Ltd. of the Group focuses on the R&D and production of animal-derived regenerative medical biomaterials and human tissue repair alternative products using the new generation of tissue regeneration material technology. We are committed to creating an innovation-friendly internal environment through implementing a full range of incentives to encourage employees' R&D and innovation endeavors and achievements. We adhere to the R&D strategy of "produce one generation, develop the next pioneering generation", integrate cutting-edge technologies with mature processes, and uphold the R&D and production philosophy of focusing on medical healthcare and revering life, driving the development of the medical device industry toward greater safety, convenience and efficiency.

As the concept of environmental, social and governance has become a core issue for global enterprises, investors and regulators, it is becoming increasingly important for the sustainable development and long-term value creation of enterprises. To follow the international trend and respond to regulatory requirements, The Stock Exchange of Hong Kong Limited (the Stock Exchange) fully upgraded the original Environmental, Social and Governance Reporting Guidance into the Environmental, Social and Governance Reporting Code with legal effect in April 2024, which officially came into effect on January 1, 2025. This revision marks a new stage for ESG information disclosure, especially climate-related information disclosure, putting forward higher and more specific disclosure requirements on the governance, strategies, risk management, indicators and targets of listed companies. Faced with the profound changes in the regulatory environment and the global wave of sustainable development, the Group has incorporated the ESG philosophy into its strategic planning and decision-making processes. We not only practically implement energy saving, emission reduction and giving back to society in our daily operations, but also focus on building a systematic ESG management system, fulfilling our commitment to long-term sustainable development with practical actions, and making sufficient preparations to meet future challenges and opportunities.

Looking forward, the Group will integrate the concept of sustainability into its business system, systematically identify and evaluate the risks and opportunities arising from climate change, and incorporate relevant financial impact analysis into major decision-making considerations. Our actions will cover the value chain, continuing to drive the transition towards green operations, prioritizing the use of environmentally friendly materials and qualified suppliers from the source of product design, and investing in energy-saving equipment and efficient production lines during the production process to reduce resource consumption and emissions. At the same time, we will continue to pay attention to employees' wellbeing, and actively participate in community development. On this basis, we will further optimize the Group's ESG governance structure and performance objectives, striving to achieve stronger ESG performance and sustainable development, and creating long-term value for all stakeholders.

Chairman of the Board and CEO
Yue'e ZHANG

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group's ESG Philosophy, Governance Structure and Risk Management

To implement the concept of sustainable development, the Group has established and continuously improved a top-down, four-tier ESG governance structure. The Board assumes the ultimate responsibility for the Group's ESG strategic direction, information disclosure and the management of climate-related issues. To further strengthen the relevant work, the Group established an ESG working group during the reporting period, which is systematically responsible for identifying, evaluating and managing ESG and climate-related risks and opportunities, and reports regularly to the Board and the management. This working group connects with professional consultants externally and coordinates various business departments internally to promote the implementation of ESG strategies and strengthen information disclosure, thereby enhancing the corporate comprehensive strength and value. At the same time, the Group actively encourages the participation of all employees, integrating the ESG philosophy into daily operations and social responsibility practices.

Set out below is the ESG governance structure and functions of the Group:

Governing level	Scope of governing
Board	• Responsible for continuous and comprehensive identification and evaluation of the Group's major ESG issues and climate risks and opportunities. • To ensure the achievement of the Group's strategic objectives, conduct a comprehensive assessment to identify and determine the nature and extent of relevant risks and opportunities, including ESG and climate-related risks and opportunities, and establish, optimize and maintain a sound risk management and internal control system accordingly.
ESG Working Group	• Responsible for reviewing, formulating and approving the Group's ESG standards, priorities and goals, and reporting to the Board. • To oversee the strategies, policies and practices relating to sustainable development and ESG matters, ensure their alignment with business realities, and coordinate various departments to advance the implementation of relevant objectives. • To monitor internal and external ESG developments, conduct analysis of climate-related risks and opportunities, formulate, monitor and review the overall climate-related strategies and policies of the Company, and ensure that climate-related risks are integrated into the Company's overall risk management framework and risk management processes. • To be responsible for ESG external communication, reporting and disclosure to ensure compliance, and organize relevant training to enhance the professional capabilities of the team.

Governing level	Scope of governing
External professional consultant	• Conduct an objective and independent evaluation of the Group's risk management and internal control system to assess the reasonableness and effectiveness of its design and operation. • Put forward optimization suggestions for identified deficiencies to ensure the sustained and efficient operation of procedures for identifying, assessing and managing material risks.
Head of business departments	• Identify and evaluate the risks and opportunities that may have potential impacts on the Group's business and various aspects on an ongoing basis, including ESG and climate-related ones arising from operation, and report any identified risks and opportunities to the ESG working group. • Maintain communication with stakeholders to timely understand their feedback and suggestions, and ensure that ESG performance meets stakeholders' expectations. • Responsible for translating relevant priorities and objectives into daily operations and business practices under the Group's ESG framework, ensuring alignment with the Group's overall sustainable development direction.

During the Year, the Group continuously optimized the identification and evaluation of ESG-related risks, and carried out an orderly transition based on the new governance structure. The ESG working group systematically discussed various ESG issues related to the Group, with a focus on analyzing their substantial financial, operational and reputational impacts that may be brought to the business. At the same time, the Group's internal audit department continued to perform its independent supervisory duties, regularly conducting reviews whose scope explicitly covers various major risks (including ESG risks) that may be caused by internal control failures, and making special reports on relevant findings and recommendations to the Audit Committee under the Board. Ultimately, based on the review of these recommendations, the Board evaluates the continuous effectiveness of the Group's overall internal control system, ensuring its ability to adapt to new challenges including ESG risks, and achieving normalized risk management. During the Year, the Group has identified the following ESG risks through comparison with industry peers, engagement of external professional teams to evaluate the Group, and analysis and monitoring of the latest regulatory requirements:

Environmental, social and governance risks	Impact	Countermeasures
Product quality and safety	Product quality is core to the Group's operation. Most of the products manufactured by the Group are Class III medical devices, which are subject to the most stringent life-cycle regulatory requirements in accordance with the "Rules for the Administration of Medical Devices" issued by the National Medical Products Administration. Their quality is directly related to the safety and health of patients. If there is any problem relating to product quality, patient safety will be jeopardized, and the Group will be subject to legal and other risks arising therefrom as well as economic losses, thus significantly affecting the Group's image and consumer confidence.	• The quality system department of the Group has established and continuously improved the quality management system and corresponding corporate systems and standards to guarantee product quality and safety; • The product R&D and technology department of the Group shall design and develop products according to the requirements of the National Medical Products Administration (NMPA), and the Group can carry out mass production of such products only after obtaining the registration certificate; and • The procurement department of the Group shall strictly screen out disqualified suppliers to ensure the quality of raw materials.

Environmental, social and governance risks	Impact	Countermeasures
Compliance and regulation	The medical device industry in which the Group operates is subject to stringent laws and regulations, including a series of regulatory requirements ranging from R&D, clinical trial specifications to product registration, production and quality control, as well as stringent anti-corruption requirements, environmental protection regulations and other constraints. Any non-compliance with these regulations will result in the Group being subject to fines and legal proceedings, and will damage the Group's reputation and competitiveness in the market.	• The compliance department of the Group closely monitors changes in national and local laws and regulations, regulatory requirements and operating policies to ensure the Group's compliance; • The quality system department of the Group has established and continuously improved the product quality management system to ensure that the product quality complies with the relevant standards; and • The Group has set anti-corruption requirements for all staff and partners to ensure that there is no corruption in our operations.
Health and safety of employees	The health and safety of employees are a key focus of the Group. If any issue related to employees' health and safety arises, their personal rights and interests as well as the relevant interests of the Group will be affected.	• The Group has formulated various policies regarding employees' health protection and production safety to effectively safeguard employees' rights in terms of health and safety; • The Group has raised employees' awareness of production safety by adopting measures such as employee safety training and daily safety inspections, thus creating a healthy and safe working environment.
Supply chain	The Group deeply recognizes that the maturity and stability of the supply chain directly determine the Company's ability to continuously and reliably supply products to the market, and is the lifeline of business continuity. Meanwhile, the quality control level of each link in the supply chain will affect the Company's quality and ability to continuously supply products to the market.	• We strictly monitor the quality of suppliers through standardized management procedures covering supplier audit, evaluation, cooperation and procurement behavior to improve procurement efficiency. • The Group has clear requirements for suppliers' environmental protection performance and fulfillment of social responsibilities, and incorporates these as key assessment indicators into supplier admission evaluation and annual comprehensive appraisal. • The Group continuously monitors changes in domestic and foreign laws and regulations to ensure timely adjustment of supply chain strategies, so as to maintain the stability and forward-looking nature of the supply chain in terms of compliance, environmental protection and social responsibility.

Environmental, social and governance risks	Impact	Countermeasures
Employment and talent development	The Group attaches importance to labor issues that may arise in relation to employee recruitment, management and other employment matters. The medical device industry in which the Group operates is highly technology-intensive and innovation-driven. Failure to ensure the continuous recruitment and training of professional talents that meet the Company's requirements will result in the Group's innovative capability being restricted, making it difficult to ensure the Group's sustainable development and competitiveness in the market.	• The Group strictly complies with the national and local laws and regulations. Through the formulation and continuous improvement of a number of internal policies, a multi-level approval system and execution operations, the Group controls the employment process and labor management to comply with the national and local standards of the laws and regulations; • The Group provides a wide range of benefits for employees and establishes incentives for R&D and innovation, fostering a sustainable and positive scientific research environment.

The Group has established a systematic ESG risk assessment mechanism. For identified risks, we mainly conduct a comprehensive assessment based on their likelihood of occurrence and potential impact level, so as to determine their materiality ranking to the Group's business. During the assessment process, we refer to historical operational data and industry trends to analyze the frequency of occurrence and potential impact of specific risk events. For instance, ESG-related issues may bring negative impacts such as financial compensation and regulatory fines, resulting in damages to the Group's interests and reputation, and they may also create development opportunities such as generating new revenues or exploring new markets, which we also incorporate into our strategic planning.

At the governance level, the Group continues its top-down governance structure. By formulating specific policies and implementation guidelines, it systematically integrates the ESG concept into various business processes and daily work scenarios, to enhance the sustainable development awareness of all employees. The Group also establishes a normalized communication mechanism to ensure that employees fully understand, actively comply with and effectively implement the Group's relevant ESG policies and work requirements.

COMMUNICATION WITH THE STAKEHOLDERS

The Group attaches great importance to active and effective communication with stakeholders. During the Year, it has systematically understood their opinions and recommendations on ESG performance through multiple channels and activities. We believe that stakeholder participation could help identify ESG risks and opportunities more effectively, thereby improving relevant policies and measures. Main methods of communication between the Group and stakeholders are as follows:

Types	Issues of concern	Communication and response methods
Shareholders and investors	• Board diversity • Compliance operation • Anti-corruption • Antitrust and unfair competition • Information security and privacy protection	Publication of periodic report and announcement General meeting Investor mail Online and offline communication meeting from time to time
Employees	• Employee remuneration and benefits • Employee training and development • Occupational health and safety • Employee rights protection • Diversity and equal opportunity	Internal office system Regular communication Performance evaluation Training Team building activities Daily communication
Customers	• Product quality • Customer service • Complaint management • Compliance operation • Supplier management	Customer service channel Management policy Contract and agreement Appraisal and evaluation Daily communication
Business partners	• Supplier management • Product quality • Customer service • Antitrust and unfair competition • Compliance operation	Contract and agreement Site visit Appraisal and evaluation Daily communication
Government and regulatory departments	• Compliance operation • Anti-corruption • Product quality • Antitrust and unfair competition • Medical waste discharge management • Energy, resource use and management	Information disclosure and reporting Visiting reception Supervision and inspection Award selection

Types	Issues of concern	Communication and response methods
Media	• Product quality • Customer service • Complaint management • Supplier management • R&D and technology innovation • Social welfare • Responding to climate change	Daily communication and response News disclosure on the Group's official website Interview Award selection
Industry associations, hospitals and universities	• R&D and technology innovation • Product quality • Supplier management • Compliance operation • Anti-corruption • Industry cooperation and ecological co-construction	Academic seminar Industry exhibition Industry-academia-research activity

Through a comprehensive analysis of the regulatory requirements, international development trends of ESG, industry benchmarking and its actual operating conditions, the Group conducted a comprehensive assessment of the relevant factors. Given that there were no significant changes in the external environment and operating conditions during the year, we continued to adopt the assessment results of ESG materiality issues identified in the previous year, the details of which are as follows:

Environmental	Social	Governance
1. Greenhouse gas and waste gas emission management 2. Energy use and management 3. Resource use and management 4. Non-hazardous waste management 5. Hazardous waste management 6. Responding to climate change	7. Product quality and safety 8. R&D and technology innovation 9. Quality customer service 10. Intellectual property management 11. Information security and privacy protection 12. Industry cooperation and ecological co-construction 13. Sustainable supply chain management 14. Employees' Compliance, Equality, Diversity and Inclusion 15. Employees' development and training 16. Employees' health and safety 17. Employees' welfare and talent attraction 18. Social investment and public welfare	19. Business ethics and anti-corruption 20. ESG governance system 21. Responsible investment

For the material issues of the reporting year, the Group continued to adopt the assessment results of the previous year, the details of which are as follows:

Substantive Issues	Reasons for Selection	Corresponding Section
Product responsibility	As a medical device manufacturer, the Group considers product quality and safety as the core of its development.	Promoting Efficient Operation
Employment	As a responsible enterprise, the Group protects the rights and interests of the employees and considers them as the cornerstone of development.	Upholding the People-oriented Principle
Health and safety	The health and safety of employees have always been the focus of the Group and the Group aims at constructing healthy and safe working environment.	Upholding the People-oriented Principle
Development and training	Cultivating the skill of employees significantly fuels corporate development and guarantees their career development.	Upholding the People-oriented Principle

DEEPENING GREEN PRODUCTION

Relevant Policies

"Regulations on the Management of Hazardous Chemicals" and "Vehicle Management Provisions".

The Group fully recognizes that sustainable development has become a global consensus, constantly pays close attention to regulatory dynamics, and is committed to consolidating the long-term trust of investors and the public with excellent ESG performance. As a medical device manufacturing enterprise, we have established minimizing the environmental impact throughout the entire product life cycle as our long-term objective, and implemented it in our operational and production practices. During the operation process, we strictly comply with national and local laws and regulations regarding exhaust gas emissions, greenhouse gases, various waste treatments and the use of resources to ensure full compliance (details are set out in the subsequent "Compliance Profile" section). We recognize that excellent environmental management is the cornerstone for the sustainable operation of the enterprise and the fulfillment of social responsibility. In the face of increasing social expectations and regulatory requirements, the Group commits to continuously strengthening the environmental management system, actively exploring and practicing green production, promoting the harmonious coexistence of the enterprise and the environment with practical actions, and creating long-term value for stakeholders.

Management of Emissions and Resources

Exhaust Gas Emissions

During the Year, the exhaust gases arising from the operation of the Group are mainly nitrogen oxides, sulfur oxides and respirable suspended particles from vehicles combusting fossil fuels and equipment consuming natural gas.

During the Year, the nitrogen oxides, sulfur oxides and respirable suspended particles generated from vehicles combusting fossil fuels were 8.10 (2024: 12.86) kg, 0.41 (2024: 0.56) kg and 0.91 (2024: 1.31) kg respectively. Due to the decreased usage frequency of vehicles during the Year, the atmospheric pollutant emissions generated from combusting fossil fuels were correspondingly reduced, helping to improve air quality and enhance environmental compliance performance. Vehicles of the Group are mostly up to the National IV and V Emission Standard. By consciously minimizing the usage of vehicles up to the National III Emission Standard and National II Emission Standard, the Group strives to make continuous contribution to reducing emissions.

During the Year, the nitrogen oxides, sulfur oxides and respirable suspended particles generated from the consumption of natural gas by the Group were 15,056.99 (2024: 9,946.93) kg, 3,764.25 (2024: 2,486.73) kg and 1,505.70 (2024: 994.69) kg respectively. The consumption of natural gas increased due to the continuous expansion of the production and operation scale of Ruijian Medical during the Year, which drove the increase in natural gas consumption of production equipment and kitchen facilities. Therefore, while ensuring production efficiency, product quality and employee welfare, the Group will continuously optimize natural gas usage efficiency and promote the enhancement of energy efficiency and low-carbon operations.

Regarding the emissions generated by vehicles, the Group systematically reduces mobile source emissions in its operations through the following measures. The Group's existing vehicles all conform to national exhaust emission standards:

- Strict system control: Formulate and implement the "Vehicle Management Provisions", carry out use approval and registration processes, strictly prohibit private use of business vehicles, and advocate fuel conservation and efficient driving.

- Ensure compliant emissions: All vehicles are subject to regular annual inspections to meet national exhaust emission standards. The Group applies for refueling at compliant gas stations such as Sinopec and China National Petroleum Corporation to ensure the fuel quality meets relevant standards from the source.

- Optimize logistics structure: Plan to optimize the scheduling of transport vehicles in product transportation and distribution to improve vehicle operating efficiency, and actively evaluate the introduction of new energy vehicles and hybrid electric vehicles in future years to reduce reliance on traditional fuel vehicles.

- Advocate green travel: Encourage employees to carpool during official business trips to improve the utilization rate of a single vehicle, and prioritize the selection of public transportation, shared bicycles and other green travel methods in daily commuting.

For Ruijian Medical, which involves natural gas-driven production equipment and kitchen equipment, natural gas is mainly used to drive boilers to generate steam, and is indirectly supplied to the solvent recovery plant, spinning room, water injection system and clean room, which accounts for the vast majority of total consumption; the remaining part is directly used in the kitchen equipment of the Group's canteen, accounting for a relatively small proportion. To effectively control and reduce emissions, Ruijian Medical proactively upgraded its boiler systems and significantly reduced the emission concentration of nitrogen oxides by replacing with low-NOx burners. The company regularly entrusts third-party organizations with professional qualifications to conduct exhaust gas testing. All testing results comply with relevant national and local emission standards, achieving stable standard-compliant emissions. Volatile organic compounds (VOCs) are generated during the process of producing hemodialysis related products by Ruijian Medical. To address this part of the emissions, the company adopts the water absorption method for treatment, dissolving VOC gases in water, and then carries out subsequent specific treatments on the wastewater that absorbed VOCs. This treatment process ensures the effective control and resource treatment of VOCs. The company entrusts third parties to conduct regular monitoring of exhaust gas, and all historical testing results showed no excessive levels, achieving compliant emissions.

The Fert Plant under the Group uses ethylene oxide to sterilize its infusion set products. In this process, it has incorporated exhaust gas management into the entire source design and operation process to comprehensively control the emission of ethylene oxide exhaust gas. Our main management measures are as follows:

- Source and process control: During the design stage of the plant and sterilization workshop, dedicated space was reserved to install exhaust gas treatment equipment. The purchased ethylene oxide sterilization cabinets are equipped with exhaust gas treatment systems to ensure that the sterilization exhaust gas is not directly emitted, but fully channeled into the treatment equipment.

- Terminal governance and disposal: We use dedicated treatment equipment conforming to advanced domestic technical standards to convert ethylene oxide exhaust gas into wastewater containing ethylene glycol and safely collect it. We regularly entrust qualified professional institutions for compliant disposal. Through this process, the final gas emission volume has been reduced to an extremely low level.

- Compliance monitoring and verification: To ensure that emissions continue to stably meet standards, the Fert Plant and Ruijian Medical entrust independent third-party testing organizations every year to conduct testing based on standards such as GBZ/T 160.58-2004. The testing results are all qualified, and comply with the strict requirements of local regulations such as Beijing DB11/501-2017 and Sichuan DB51/2377-2017.

Ruijian Biological of the Group has not yet commenced mass production of products, and does not involve production exhaust gas emissions. Furthermore, the company has not provided vehicles for official business trips. Employees generally use subways, buses and other public transportation for business travel, implementing the Group's policy of green travel. The exhaust gas emissions generated by taking public transportation are small. If employees need to travel to official business locations where public transportation is inconvenient and the distance is far, Ruijian Biological will centrally arrange for employees to take ride-hailing cars, or use private cars for public purposes, which generates less exhaust gas emissions and is therefore not counted.

In 2022, the Group has set clear exhaust gas emission intensity management targets: taking 2022 as the base year and assuming that there are no significant changes in the Group's business, the target is to maintain the intensity of nitrogen oxides at 0.08 kg/m², sulfur oxides at 0.02 kg/m² and respirable suspended particulates at 0.01 kg/m² for the next three years.

During the Year, the Group's intensity of nitrogen oxides stood at 0.17 kg/m², sulfur oxides at 0.04 kg/m² and respirable suspended particulates at 0.02 kg/m². During the Year, the exhaust gas emissions of the Group increased compared to last year, mainly due to the continuous expansion of the production scale of Ruijian Medical, which led to an increase in natural gas consumption, thereby driving up exhaust gas emissions. Looking forward, the objective of the Group is to continuously reduce exhaust gas emissions. We will continue to pay attention to exhaust gas emission performance, proactively follow up on the development of emission reduction technologies and equipment in the medical device field, and introduce them to operating sites and production lines in due course to fully promote the implementation of emission reduction targets and continuous improvement of environmental performance.

	Type	Emissions for the Year	Intensity (based on area, i.e., "kg/m²")	Emissions for 2024
Exhaust gas emission[1]	Nitrogen oxides (kg)	15,065.09	0.17	9,959.79
	Sulfur oxides (kg)	3,764.66	0.04	2,487.29
	Respirable suspended particles (kg)	1,506.61	0.02	996.00

1 The data were calculated according to the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions by Enterprises in Other Business Lines of Industries (Trial) (《工業其他行業企業溫室氣體排放核算方法與報告指南(試行)》).

GHG Emissions

The quantification process of the Group's GHG emissions was carried out by referring to the guidelines issued by the National Development and Reform Commission of China, ISO14064 GHG Certification/Verification Standard, GHG Protocol and other international standards. This year, we further conducted the accounting of indirect emissions in the value chain (i.e. "Scope 3 carbon emissions") in accordance with the "Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011 Edition)" formulated by the World Resources Institute and the World Business Council for Sustainable Development. This move marks the extension of our carbon management boundary from direct operations and purchased energy (Scope 1 and Scope 2) to a complete value chain covering upstream and downstream. This accounting covered two major categories: air travel and waste treatment. By identifying these indirect emission hotspots, we aim to gain a more comprehensive understanding of our own climate impact, laying the foundation for formulating more targeted value chain emission reduction strategies and goals in the future. We recognize that there is room for continuous optimization in the collection and calculation of such data, and we will commit to improving relevant data management mechanisms in the future to enhance the completeness and accuracy of disclosure.

During the Year, the total GHG emissions from Scope 1 and 2generated were approximately 32,663.45 (2024: 25,005.38) tonnes of carbon dioxide equivalent, and the total GHG emissions from Scope 3 were 981.19 tonnes of carbon dioxide equivalent. The GHG intensity of Scope 1 was 0.17 tonnes of carbon dioxide equivalent/m^2 and Scope 2 was 0.20 tonnes of carbon dioxide equivalent/m^2, and the GHG intensity of Scope 3 was 0.01 tonnes of carbon dioxide equivalent/m^2. Calculated by production volume, the Group's GHG intensity of Scope 1 was 2.07 tonnes of carbon dioxide equivalent/10,000 items and Scope 2 was 2.45 tonnes of carbon dioxide equivalent/10,000 items, and the GHG intensity of Scope 3 was 0.14 tonnes of carbon dioxide equivalent/10,000 items. Compared to 2024, carbon dioxide equivalent for Scope 1 and Scope 2 increased by 7,658.07 tonnes for the Year. Among Scope 1, carbon dioxide equivalent generated from vehicles of the Group decreased by 27.69 tonnes, carbon dioxide equivalent generated from the consumption of natural gas increased by 5,027.14 tonnes and carbon dioxide equivalent generated from the consumption of refrigerant remained unchanged. Among Scope 2, carbon dioxide equivalent generated from purchased electricity increased by 2,658.62 tonnes.

Refrigerant consumed by the Group comes from Ruijian Medical mainly for the purpose of maintaining sound production and operation environment for the staff by running air conditioners in summer. At Ruijian Medical, air conditioners are only used for refrigeration purpose from May to October. The temperature of air conditioners in summer is accurately controlled at not less than 26°C, and the temperature of air conditioners in winter is controlled at not higher than 22°C. As the park where the Group's Fert Plant is located uses centralized cooling equipment (i.e., ground source heat pump) for output, which includes the joint usage of other enterprises in the park, the carbon dioxide equivalent generated from the use of refrigerant at the Fert Plant is temporarily not calculated.

To systematically advance the sustainable development strategy, the Group continued to deepen its emission reduction measures in 2025. Based on their own characteristics, various operating plants within the Group have implemented a series of comprehensive measures covering equipment upgrades, management optimization, and cultural construction. The specific implementation status is summarized as follows:

- *Equipment and Energy Efficiency Upgrades*
  The Group is committed to fundamentally improving energy use efficiency through technological upgrades and equipment transformation. The Fert Plant implemented intelligent transformation of its lighting system, installing infrared human sensor lighting in public areas, and adopting solar lighting in outdoor carports. At the same time, it controlled the temperature of the ground source heat pump system and replaced it with high-efficiency circulating pumps to reduce overall power consumption. In 2025, the Fert Plant continued to push forward the replacement of timer switches, sensor switches and solar lightings to further reduce overall power consumption. Ruijian Medical widely applied inverter technology for cooling, and dynamically adjusted the operation strategy of air-conditioners according to weather changes, thereby reducing power consumption. Ruijian Biological continued to promote equipment replacement, purchasing high-efficiency equipment to replace old equipment, fully adopting energy-saving LED lighting and optimizing the allocation number, while implementing temperature limits for air conditioning to reduce energy and refrigerant consumption from the source.

- *Office Resource Management*
  In terms of office resource conservation, various units of the Group implemented refined management. The Fert Plant combined office printers to reduce the number of equipment and standby energy consumption. Ruijian Medical issued the "Notice on Saving Office Printing Paper", promoting paperless office, establishing a recycling mechanism for reusable papers, and advocating double-sided printing to improve paper utilization. Ruijian Biological accurately controls document printing consumables and energy consumption by allocating shared all-in-one printer-copiers, and implementing account login management and usage monitoring mechanisms.

- *Code of Conduct for Employees*
  Cultivating employees' energy-saving habits is an important part of measure implementation. The Fert Plant requires employees to turn off computers, lights and other equipment after work by making posters, putting up promotional signs, and strengthening supervision. Ruijian Biological requires the last employee leaving the office area after work to inspect the entire area, ensuring that office lighting and air conditioning are completely turned off during non-working hours, implementing energy-saving responsibilities to individuals, and organizing employees to participate in energy conservation and emission reduction training to cultivate environmental awareness.

- *Travel and Business Trip Optimization*
  To reduce the carbon footprint during operations, the Group strictly standardizes and guides travel and business trips. The Fert Plant and Ruijian Medical encourage employees to prioritize public transportation and strictly control the use of business vehicles. Ruijian Biological has formulated specific travel guidelines, strictly examining and approving air travel, and adhering to the priority of railway travel to minimize greenhouse gas emissions.

In 2022, the Group has set a target for indirect GHG emissions associated with energy under Scope 2. Taking 2022 as the base year and assuming that there are no significant changes in its business, the target is to maintain the Group's total GHG intensity at 0.17 (Scope 1 and 2, carbon dioxide equivalent in tonnes/m^2) in the next 3 years.

During the Year, the GHG intensity of Scope 2 of the Group was 0.20 tonnes of carbon dioxide equivalent/m^2. The GHG emissions of the Group for the Year increased compared to last year, mainly due to the continuous expansion of production scale by Ruijian Medical and Ruijian Biological. As business expands, energy consumption rises accordingly. While ensuring stable production, the Group will continue to pay attention to emission intensity, and actively explore energy-saving and emission-reduction measures to promote the implementation of sustainable development goals.

Looking forward, the Group will continue to pay attention to the management and control of GHG emissions, and give priority to equipment that improves energy efficiency and reduces energy consumption based on guaranteed product quality and stable production capacity of the Group, while strengthening the promotion of energy conservation and emission reduction in its day-to-day production and operation, proactively calling on employees, suppliers and clients to jointly participate in low carbon and environmental protection actions. Given that Ruijian Medical, which primarily relies on natural gas for energy consumption, has been gradually expanding its production capacity and its proportion in the Group's business continues to rise, its energy consumption and production volume exhibit a significant positive correlation. To further improve the Group's low carbon development management and promote green transformation, the Group has updated its GHG emission targets. Using 2025 as the baseline and emission intensity per 10,000 items of product output as the control standard, the Group has set a target to reduce the intensity of Scope 1 and 2 GHG emissions by 1% by 2030, provided there are no major adjustments to the Group's businesses.

	Scope	Emissions for the Year	Emissions for 2024
GHG emissions	Scope 1: Direct GHG emissions (carbon dioxide equivalent in tonnes)	14,954.87	9,955.42
	Scope 2: Indirect GHG emissions associated with energy (carbon dioxide equivalent in tonnes)	17,708.58	15,049.96
	Scope 3 indirect GHG emissions from the value chain (carbon dioxide equivalent in tonnes)	981.19	/
	Total GHG emissions from Scope 1 and 2 (carbon dioxide equivalent in tonnes)	32,663.45	25,005.38
	GHG intensity (Scope 1 and 2, carbon dioxide equivalent in tonnes/m2)	0.37	0.28
	GHG intensity (Scope 1 and 2, carbon dioxide equivalent in tonnes/10,000 items)	4.53	3.45
	Total GHG emissions from Scope 1, 2 and 3 (carbon dioxide equivalent in tonnes)	33,644.64	/
	GHG intensity (Scope 1, 2 and 3, carbon dioxide equivalent in tonnes/m^2)	0.38	/
	GHG intensity (Scope 1, 2 and 3, carbon dioxide equivalent in tonnes/10,000 items)	4.66	/

Water Resources and Wastewater Discharge Management

The wastewater generated by the Group is mainly from office water, production water and the wastewater that cannot be reused in the production process. All wastewater has been discharged through the wastewater pipes via the municipal pipeline network to the local wastewater treatment plant. In particular, the wastewater discharge of the Fert Plant meets the Beijing DB11/307-2013 standard, and the wastewater discharge of Ruijian Medical meets the level-three standard of the "Comprehensive Wastewater Discharge Standard" (GB8978-1996). The total water consumption of the Fert Plant, Ruijian Medical and Ruijian Biological of the Group during the Year was 486,315.00 (2024: 353,337.60) m^3.

The Group strives to promote water conservation by strengthening water utilization monitoring, and installing energy and water-saving equipment for daily water consumption at the dormitory for on-demand use; and putting up posters in all water use areas to increase the efforts to promote water conservation. During the Year, the Fert Plant has completed the repair and replacement of the outdoor water supply pipe network to prevent the waste of water resources such as water running, water bubbling, water dripping and water leaking; continued to update water treatment equipment, thoroughly cleaned the underground rainwater and sewage pipes, set up a collection system for the rainwater in a unified way and used it for virescence irrigation, and also used the domestic water leaked from the broken pipes for virescence irrigation in the park; reused cooling water for production equipment; and gradually replaced the smart sensor bathroom supplies to further save water. In 2025, the Fert Plant has passed the Beijing water-saving certification. Ruijian Medical recycled the wastewater produced during the process of production, built solvent recovery sites, and enhanced the reuse rate of workshop wastewater; and used the wastewater from the purified water from the workshops as water for other processes to reduce waste. Ruijian Biological has installed wastewater treatment equipment and water-saving devices in accordance with environmental requirements in order to meet the discharge standards and reduce waste; the wastewater was classified and managed, and the wastewater generated from the preparation of injection water was reused for virescence irrigation and flushing toilets. The Group does not have a large water demand and has not experienced any difficulty in sourcing water.

In 2022, the Group set a target in respect of wastewater discharge. Taking 2022 as the base year and assuming that there are no significant changes in its business, the target is to maintain its water consumption intensity at 48.95 m^3/10,000 items in the next 3 years.

During the Year, the Group's water consumption intensity was 67.39 m^3/10,000 items, an increase from last year. This change was mainly due to the business expansion of Ruijian Medical and Ruijian Biological, which continuously increased their production capacity, leading to a corresponding increase in water consumption during the production process. At the same time, the business of Ruijian Medical, which has a higher water consumption intensity during the production process, accounted for an increased proportion of the Group's overall business, resulting in a rise in water consumption intensity.

Since all aspects of the Group's production and operation require water resources, in the coming years, we aim to continuously reduce water consumption, further enhance our focus on water usage, introduce new wastewater recycling equipment to improve the efficiency of water recycling, and post water-saving slogans in office areas, plants, staff dormitories and canteens to actively encourage all employees to save water.

Waste Disposal

The hazardous wastes generated by the Group mainly include laboratory waste liquids, used mineral oil, cutting fluid, organic solvent wastewater, oily wastes, steel needles and infusion tubes, etc., while non-hazardous wastes are mainly from domestic garbage. All these wastes have been sent to a third-party waste management facility for proper treatment. During the Year, the Group produced a total of 863.30 (2024: 644.32) tonnes of non-hazardous wastes and 310.30 (2024: 299.93) tonnes of hazardous wastes.

To regulate the safe disposal of hazardous wastes, the Group formulated the "Regulations on the Management of Hazardous Chemicals" in compliance with the "Regulations on the Safety Administration of Dangerous Chemicals" (State Council of the PRC Order No. 591). It also set up a designated hazardous chemical warehouse, hazardous waste warehouse and hazardous waste temporary storage room. The site selection and facilities of the temporary storage room are in line with the "Standard for Pollution Control on Hazardous Waste Storage". Moreover, it is equipped with standard signs, logos and relevant documents required to be hung on the wall, and managed by designated personnel, ensuring that the storage, use and disposal of hazardous chemicals and hazardous wastes fully comply with national laws and regulations.

- *Hazardous waste treatment*
  As required by the production process, some products of the Group need to be soaked with organic solvents. Upon completion of the process, the generated waste liquid is recycled after treatment by the recovery system, and the non-recyclable parts are disposed of as hazardous waste. All hazardous wastes are entrusted to professional institutions with qualifications for treatment: the ethylene oxide exhaust gas is converted into wastewater containing ethylene glycol through the exhaust gas treatment system and then handed over to the cooperative unit for disposal; other hazardous wastes generated during the production and inspection process are also handed over to professional treatment groups for safe treatment in a unified manner.

- *Non-hazardous waste control*
  In daily operations, actively promote waste reduction and recycling: minimize the use of disposable packaging, promote revolving packaging under the premise of ensuring quality, and reuse packaging such as express cartons and plastic bags; implement garbage classification; promote paperless office to reduce paper consumption, and rely on the OA system to realize the electronic approval process.

- *Production process optimization*
  Reduce environmental impact from the source by implementing clean production and adopting clean energy; improve the recycling rate of waste liquid by enhancing the processing capacity of recovery equipment for materials such as alcohol; prioritize the use of environmentally friendly raw materials, and continuously optimize production processes to simplify procedures, thereby improving material utilization and product yield.

In 2022, the Group set targets in respect of waste disposal. Taking 2022 as the base year and assuming that there are no significant changes in its business, the target is to maintain its non-hazardous waste intensity and hazardous waste intensity at 0.77 tonnes/employee and 0.0217 tonnes/10,000 items respectively in the next 3 years.

During the Year, the Group's non-hazardous waste intensity and hazardous waste intensity were at 0.60 tonnes/employee and 0.043 tonnes/10,000 items respectively. During the Year, the Group's hazardous and non-hazardous waste disposal increased compared to last year, mainly because Ruijian Medical expanded its production scale, which drove an increase in waste generation. While ensuring business development, the Group will continue to pay attention to waste reduction and resource utilization to promote continuous improvement in environmental performance.

Since waste is generated in various links of the Group's production and operation, in the coming years, we aim to continuously reduce waste emissions, further strengthen the management of waste emissions, actively implement source control measures to minimize waste generation, and strictly adhere to waste disposal standards to ensure compliant waste disposal.

Use of Resources

The types of energy used in the Group are mainly gasoline, natural gas and electricity. The major raw materials used in the Fert Plant, Ruijian Medical and Ruijian Biological are different and the respective statistics are disclosed below. The Group consumed a total of 1,336.69 (2024: 1,245.50) tonnes of packaging materials for the Year and the intensity of packaging materials calculated by production volume was 0.19 tonnes/10,000 items.

The annual consumption of major raw materials used in the production of finished products at the Group's Fert Plant amounted to 1,088.06 (2024: 1,375.37) tons. In terms of packaging materials for finished products, a total of 503.48 (2024: 652.72) tonnes of paper boxes and packaging bags were consumed. When choosing raw materials and packaging materials, the Fert Plant mainly considers whether the materials meet the relevant standards of the medical device regulations. In order to ensure the quality of materials, it enters into quality or technical agreements with all major suppliers, in which the requirements and responsibilities on quality are stipulated. Moreover, the Plant inspects materials received according to the incoming inspection requirements and only the qualified materials can be put into production.

The annual consumptions of the major raw materials used in Ruijian Medical during the production process of finished products were 2,818.66 (2024: 1,966.68) tonnes. A total of 831.81 (2024: 592.05) tonnes of aluminum-plastic composite bags, paper boxes, etc. were consumed for the packaging materials of finished products. When choosing raw materials and packaging materials, Ruijian Medical comprehensively considers the volatility, toxicity and recyclability of materials, and chooses the materials with low volatility, high innocuity, high recyclability and more economic features. It requires material suppliers to meet regulations in relation to quality and environmental protection and conducts inspection upon receiving materials according to strict standards. At the same time, the design of packaging materials is continuously optimized to reduce the consumption of packaging materials.

The consumptions of the major raw materials used in Ruijian Biological during the production and R&D process of finished products were 2.42 (2024: 1.49) tonnes. A total of 1.40 (2024: 0.73) tonnes of packaging bags and packaging boxes were consumed for the packaging materials of finished products. When choosing raw materials and packaging materials, Ruijian Biological considers the device regulations, product quality requirements, sterilization methods and impact on the environment, specifically requires materials to be free of heavy metals and degradable, and eventually chooses qualified and environmentally friendly materials supplied by suppliers with quality certification, and conducts quality inspection of materials in and out of storage. Ruijian Biological continuously promotes packaging optimization, through merging packaging specifications, reducing packaging layers, promoting domestic substitution of packaging materials of the same quality, and improving packaging methods to reduce material usage. At the same time, it uses recycled cartons in transport packaging, and actively promotes electronic document transmission to reduce the use and transmission of paper materials.

During the Year, the Group consumed a total of 104,517.21 (2024: 74,519.80) megawatt hours of energy, including 71,851.28 (2024: 47,658.20) megawatt hours of direct energy, most of which was the natural gas used by Ruijian Medical, reaching 71,582.13 (2024: 47,288.49) megawatt hours. The total energy consumption of the Group also includes 32,665.92 (2024: 26,861.60) megawatt hours of indirect energy.

The Group has set target on energy use. Taking 2022 as the base year, assuming that there are no significant changes in its business, the target is to maintain the energy efficiency intensity at 8.83 megawatt hours/10,000 items for the next 3 years.

During the Year, the Group's energy use intensity was 14.48 megawatt hours/10,000 items. The Group's energy use for the Year significantly increased compared to last year, which was mainly due to the business expansion and increased production capacity of Ruijian Medical and Ruijian Biological, leading to an increase in product R&D, production, testing and transportation. At the same time, the business of Ruijian Medical, which has a higher energy use intensity during the production process, accounted for an increased proportion of the Group's overall business, resulting in a rise in energy use intensity.

Looking forward, the Group will further enhance its attention to the entire process of energy use, with a clear focus on continuously reducing energy consumption and improving energy efficiency, and will effectively integrate energy conservation principles into all aspects of production and operation. To achieve this goal, the Group will actively implement a series of practical measures to save energy and electricity, comprehensively advance the implementation of energy management initiatives, and support the Group's green and sustainable development.

	Type	Consumption for the Year	Consumption for 2024
Energy use	Direct energy (Megawatt hours)[2]	71,851.28	47,658.20
	Indirect energy (Megawatt hours)	32,665.92	26,861.60
	Total energy consumption (Megawatt hours)	104,517.21	74,519.80
	Energy intensity (calculated by production "Megawatt hours/10,000 items")	14.48	10.28

2 The calculation used in converting to and from kilowatt hours was made with reference to the"Energy Statistics Manual" (《能源統計手冊》) published by the International Energy Agency.

The Environment and Natural Resources

The Group may use hazardous chemicals, including ethylene oxide, alcohol, concentrated hydrochloric acid, concentrated nitric acid and concentrated sulfuric acid, in the course of daily production. To ensure proper storage and use of hazardous chemicals and minimize the impact of chemical leakage to the surrounding environment, the Group has established the "Regulations on the Management of Hazardous Chemicals", which establishes a three-tier protection mechanism for strict management of hazardous chemicals such as ethylene oxide, alcohol, and concentrated hydrochloric acid. The procurement department, quality management department and production center are respectively responsible for the procurement, inspection and warehouse management of hazardous chemicals. In addition, the Group requires professional personnel to carry out the transportation process of chemicals, and collision, toppling and leakage are strictly prohibited. The storage process shall be divided based on the characteristics of hazardous chemicals, and corresponding fire safety signs shall be posted.

The Group may produce hazardous wastes such as waste organic solutions, laboratory waste liquids and medical wastes in the course of daily production. The Group has set up a designated temporary storage room for hazardous wastes, the location and equipment of which must comply with the "Standard for Pollution Control on Hazardous Waste Storage", and set up standard formatting documents and relevant documents required to be hung on the wall. The Group has also entered into regular transshipment contracts with qualified third-party groups, and the transshipment procedures have passed the relevant regulations on environmental management of solid waste in the relevant administrative divisions. The hazardous wastes must be first regularly transshipped to the temporary storage room for hazardous wastes by the employees of the waste-producing processes in the Group's plant, and then regularly transshipped by the qualified third-party groups.

The Group may also produce non-hazardous wastes such as domestic garbage and waste paper in its daily operations. The Fert Plant, Ruijian Medical and Ruijian Biological have all formulated and implemented relevant regulations for non-hazardous wastes. The canteen in the Fert Plant uses reusable tableware for dining, reduces the provision of disposable tableware and plastic bags, uses environmentally friendly and recyclable packaging materials as much as possible, and at the same time, implements garbage classification standards for non-hazardous waste throughout the plant. Ruijian Medical has formulated the "Management System on Solid Wastes" with detailed provisions on the treatment methods and management of various types of wastes, and has signed contracts with qualified third-party disposal groups to be contacted and handled regularly by assigned personnel. Ruijian Biological centrally recycles and reuses express packaging and recyclable wastes.

During the reporting period, the operation scope of PW Medtech was not subject to any environmental-related administrative penalties, and no events that had a significant impact on the environment and natural resources of the operating locations occurred.

Responding to Climate Change

PW Medtech refers to Part D "Climate-Related Disclosures" of the HKEX "ESG Code", the "International Financial Reporting Standard S2 Climate-related Disclosures" (IFRS S2) issued by the International Sustainability Standards Board (ISSB), and the framework recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to continuously identify and analyze climate change factors affecting the Group's operations, and in combination with the actual situation, formulate a series of strategies and measures to respond to climate risks and opportunities, actively responding to climate change.

Governance

PW Medtech has always integrated the concept of sustainable development into its corporate strategy and effectively fulfilled its emission reduction commitments. We attach great importance to climate change governance, continuously optimize our internal climate change management mechanism, and explicitly set carbon emission management targets.

The Board of PW Medtech is the highest decision-making institution for climate change matters of the Group, taking ultimate responsibility for the Group's climate-related strategies and reporting. The Board authorizes the ESG working group to supervise and provide recommendations on the identification, assessment, and management of climate risks, as well as the formulation and progress of climate-related goals. The Board regularly reviews ESG reports annually, regularly obtains information on climate-related risks and opportunities, and ensures that climate factors are integrated into the Group's strategic planning. In the process of overseeing the Group's strategy, major transaction decisions and risk management, the Board and the ESG working group will consider climate-related risks and opportunities, including weighing relevant trade-offs, such as transition costs and long-term sustainable benefits.

The ESG working group, as the core decision-making body for the Group's climate governance, is comprehensively responsible for the overall planning, decision-making, and supervision of climate matters, guiding relevant departments to implement response actions, and regularly reporting to the Board on the progress of annual work. In terms of internal management, the working group systematically collects operational information from various business segments, departments, and employees to continuously monitor climate risks and opportunities related to the business. Externally, it closely follows industry trends, policy dynamics, and climate issues in the upstream and downstream of the industry chain to assess their potential impact on the Group. To ensure the effectiveness and foresight of response measures, the working group regularly holds meetings every year to systematically evaluate climate risks and opportunities, and accordingly adjust management strategies and action directions.

Head of business departments are responsible for the implementation of climate-related strategies and regularly report to the ESG working group and management on the action plans and work progress of climate matters. For details on the governance structure, please refer to the "The Group's ESG Philosophy, Governance Structure and Risk Management" section above.

During the reporting period, in order to enhance the professional understanding and competence of the Board and management on climate issues, we invited external experts to hold training and sharing sessions, helping them to understand the latest changes in climate change guidelines and response measures, while continuously updating relevant knowledge and skill systems combined with autonomous learning. This year, we conducted training for the Board and management covering ESG and climate, corporate governance, compliance and anti-corruption, covering 10 participants, with a cumulative training duration of 40 hours. Currently, the Group has not yet incorporated climate-related considerations into its remuneration policy.

Strategy

PW Medtech regularly assesses the impact of climate-related risks and opportunities on the Group's operations and value chain. During the Year, combining our own business operations, referring to internationally recognized climate change development trend forecasts and external expert suggestions, we further identified and sorted out the potential impacts of climate-related risks and opportunities on the Group's operations and financial aspects in the short, medium and long term.

In view of the Stock Exchange's relief arrangements (including reasonable information relief, capability relief and financial impact relief), this report temporarily does not disclose details on financial impact and climate-related scenario analysis, but mainly focuses on qualitative descriptions. In addition, we have not yet implemented a climate-related transition plan. The Group commits to continuously improving relevant capabilities and gradually perfecting them in future reports.

Climate-Related Physical Risks

PW Medtech has fully identified the potential impacts that extreme weather events may bring in operational scenarios. The Company systematically evaluated acute and chronic climate risks from three dimensions: risk type, time horizon, and impact degree.

Risk Category	Impact on Business and Value Chain	Potential Financial Impact	Time Range[3]	Countermeasures
Acute physical risk (natural disasters and extreme weather events such as high temperature, cold weather, floods, heavy rain, typhoons, etc.)	Natural disasters and extreme weather events such as high temperature, cold weather, floods, heavy rain, typhoons, etc., will damage infrastructure and electronic equipment, which may cause production line disruptions and supply chain disruptions; the health and safety of employees, customers or business partners are affected by extreme weather, and business operations may be interrupted.	Fixed asset impairment, increase in operating costs, decrease in operating revenue	Short-term, Medium-term, Long-term	Formulate extreme weather emergency operation procedures covering operating locations such as the "Emergency Plan for Production Safety Accidents", "Emergency Plan for Floods" and "Emergency Plan Process for Property Security", and develop standardized response measures and mechanisms before, during, and after the event, while carrying out emergency drills daily to comprehensively improve emergency response capabilities. For instance, with regard to floods caused by heavy rain, the property management department set up an emergency leadership team to organize and establish various emergency response teams such as the alert team, emergency rescue team, equipment repair team and relief work team, and organizes emergency plan drills to systematically enhance emergency responses. Through a diversified business layout and extensive geographic diversification strategy, we optimize the stability of our supply, production and sales networks. Our production facilities for the three major businesses are located in various regions including Beijing, Sichuan, Xuzhou and Guangzhou. Our supply chain and sales network cover the whole country and some overseas markets, systematically enhancing the risk resilience of the overall business chain. To systematically address the potential risks posed by extreme weather events, we conduct assessments and forward-looking planning, and purchase corresponding property insurance. This effectively enhances operational resilience and financial buffer capacity, thereby safeguarding critical assets and ensuring business continuity. We prioritize the occupational health and safety of our employees, closely monitor weather conditions and issue early warnings to employees, factories and offices in advance in response to extreme weather. Where necessary, we arrange for employees to work from home and implement staggered production. We minimize outdoor activities for employees during extreme weather and provide them with appropriate protective measures. Establish a regular inspection mechanism for the factory environment, systematically inspect key areas such as typhoon protection, waterproofing and drainage, and electricity safety, and promptly rectify potential hazards to ensure operational safety.

Risk Category	Impact on Business and Value Chain	Potential Financial Impact	Time Range[3]	Countermeasures
Chronic physical risk (rise in average temperature)	Rise in average temperature will have an adverse impact on future product yields and product storage and transportation; increase employee water consumption, require the installation of more refrigeration equipment, or increase the running time of refrigeration equipment, thereby increasing energy consumption; continuous high temperatures may increase the likelihood of fires occurring in the Group.	Decrease in operating revenue, increase in operating costs	Medium-term, Long-term	During the office location selection phase, identify and assess regional water resource and energy supply pressures to rationally plan the site selection. Conduct systematic management of plant operations and product storage environments, and ensure continuous compliance with safety specifications and quality standards through regular inspections, preventive maintenance, and continuous improvement; Regularly inspect and maintain power systems and refrigeration facilities to prevent fires. Continuously improve refrigeration efficiency through various technological upgrades during the operational phase.
Chronic physical risk (rise in sea levels)	Rise in sea levels may submerge office areas in coastal regions, causing asset or equipment losses, and affecting normal business operations.	Fixed asset impairment, decrease in operating revenue, increase in operating costs	Medium-term, Long-term	Based on historical sea-level rise data, comprehensively consider the site selection of business office areas in coastal regions and rationally forecast potential risks.

3 Taking into account core business planning, social low-carbon development goals, climate related disclosure standards, and management recommendations, we have set the time horizon to within 3 years after the end of the reporting period, including 3 years (short-term); 3 to 5 years after the end of the reporting period, including 5 years (mid-term); Over 5 years (long-term) after the end of the reporting period, to conduct a reasonable evaluation of the impact of climate on the business development of the group at different time periods.

Climate-Related Transition Risks

With the increasing severity of global climate change, we are facing unprecedented challenges. Frequent extreme weather events, rising sea levels, loss of biodiversity, and other issues constantly remind us that we must take action to address this global crisis.

Risk Category	Impact on Business and Value Chain	Potential Financial Impact	Time Range	Countermeasures
Policy & legal risk (information disclosure)	Updates in medical device industry regulatory policies and laws; introduction of policies related to energy conservation and emission reduction, and increasingly strict requirements for climate-related information disclosure. Failure to meet regulatory requirements and disclosure requirements will have a negative impact on our reputation.	Increase in compliance costs	Short-term, Medium-term, Long-term	Strengthen communication and exchange with regulatory authorities and relevant organizations to timely understand and strictly comply with changes in relevant governing laws and regulations, ensuring product and service compliance. Continuously track and interpret the dynamics of climate-related information disclosure standards, gradually establish and improve data management systems, such as those for climate-related financial impacts, continuously enhance the ability to identify and respond to climate-related risks, and steadily improve climate-related disclosure performance. Continuously advance energy conservation and consumption reduction measures, and set clear greenhouse gas emission reduction targets to ensure that emission reduction actions achieve measurable and sustainable results.
Technology risk (development and application of emerging low-carbon technologies)	With the society's increasing focus on the cleanliness and environmental protection of medical device products, and the continuous improvement of standards for new low-carbon environmental technologies and solutions, if the enterprise fails to quickly identify and apply relevant technologies, it may exacerbate the impact brought by climate change risks. Products and services may also lag behind industry competitors, affecting the enterprise's overall revenue and increasing competitive pressure.	Decrease in operating revenue	Short-term, Medium-term, Long-term	Continuously improve the innovation mechanism, actively track market trends and technological frontiers, widely absorb diversified talents to maintain technological foresight, and continuously optimize our technologies and products. Systematically integrate concepts such as energy conservation, consumption reduction, and circular economy into the full life-cycle management of products, including prioritizing the use of environmentally friendly materials, promoting high-efficiency production processes, and comprehensively selecting high-efficiency equipment.
Market risk (energy price fluctuations)	Climate change may cause energy price fluctuations. The global energy transition will cause enterprises to face changes in fuel costs and power structures. If an enterprise cannot shift to a low-carbon energy portfolio, it may be affected by international energy price fluctuations, resulting in increased operating costs.	Increase in operating costs	Short-term, Medium-term, Long-term	Actively seek alternative energies, adopt various low-carbon energy portfolios, and reasonably reduce operating costs.

Risk Category	Impact on Business and Value Chain	Potential Financial Impact	Time Range	Countermeasures
Market risk (market preference)	With the improvement of public awareness of green consumption, customers in the medical device market tend to choose green and low-carbon products. Shifts in market preferences may affect the market competitiveness of the enterprise's core businesses. If an enterprise cannot meet the market's low-carbon demands, it may lead to a decline in revenue and market share.	Decrease in operating revenue	Short-term, Medium-term, Long-term	Systematically construct a green product system. By exploring green procurement pathways and using green low-carbon technologies, rely on a high technological level and professional production capabilities to dynamically adjust product strategies and continuously enhance the core competitiveness of products. We regularly identify customer preferences and business demands, respond promptly to the market need for low-carbon and clean products, and establish an effective communication and feedback mechanism to support the optimization of our products and services.
Reputation risk (shift in investment philosophy)	Global investors are increasingly paying attention to climate change issues. High-carbon-emitting enterprises may damage corporate reputation, while delayed responses or lack of information transparency will also weaken investor confidence, affecting enterprise earnings, institutional rating results, and public credibility.	Decrease in financing channels	Short-term, Medium-term, Long-term	Continuously implement energy conservation and emission reduction measures, and regularly disclose relevant results and progress to the public. Through proactive publicity and communication, respond to carbon reduction initiatives and strengthen the enterprise's public engagement in climate action. Systematically promote corporate social responsibility practices, integrate ESG concepts into the core of operations, and actively enhance brand image and social recognition through the communication of specific actions and results. Regularly assess the potential impact of climate issues on corporate reputation, improve the ESG information disclosure mechanism to enhance transparency, strengthen public opinion monitoring, respond promptly to the concerns of investors, customers, and other parties regarding climate issues, and maintain smooth communication and trust relationships.

Climate-Related Opportunities

Opportunity Type	Impact on Business and Value Chain	Potential Financial Impact	Time Range	Countermeasures
Resource efficiency (use of clean technology/ energy)	New technologies provide enterprises with more low-cost options in the use of renewable energy and energy saving and emission reduction, helping enterprises further reduce carbon emissions while lowering operating costs.	Decrease in operating costs	Short-term, Medium-term, Long-term	During the operation process, optimize the energy structure, purchase green energy, and increase the proportion of clean energy use.
Products and services (providing green and low-carbon products and services)	Provide customers with products and services that match their green and low-carbon preferences, helping customers achieve carbon neutrality in their value chain, thereby increasing market share.	Increase in operating revenue	Medium-term, Long-term	Rationally allocate resources to create low-carbon products and services, utilize green and low-carbon materials or technologies as much as possible to meet evolving market demands, enhance market recognition, and subsequently potentially increase the Group's revenue.
Market (sustainable financing)	With the continuous improvement of sustainable financing-related policies, the Group's achievements in the low-carbon and energy-saving field will provide it with more diversified financing channels.	Increase in financing channels	Short-term, Medium-term, Long-term	Identify and respond to government supportive policies and green projects.

Risk Management

PW Medtech has systematically integrated climate-related risks and opportunities into the Company's overall risk management framework. Based on actual business operations, industry trend analysis, and external professional advice, we fully identify the potential impacts and transition opportunities brought by climate change, comprehensively consider the likelihood of occurrence and the degree of financial impact of various risks and opportunities through feedback from various departments, prioritize them accordingly, and formulate corresponding management strategies and specific actions. Through a regular monitoring and review mechanism, the Company continuously strengthens its adaptability to climate change and steadily improves operational resilience.

- *Risk Identification*
  Regularly carry out risk identification work, jointly analyze external policies, regulations, and industry development trends with external professional consultants, and identify climate-related risks and opportunities relevant to PW Medtech. Combining internal communication, collect feedback information from various business departments to determine the inventory of climate-related risks and opportunities.

- *Risk Assessment*
  In the risk analysis and assessment stage, the Company first clarifies the corresponding risk tolerance (high, medium, low) based on operating and decision-making objectives, adheres to the principle of sound operation, and maintains the overall risk acceptance level at a relatively low standard. Through a combination of qualitative and quantitative methods, it systematically assesses the likelihood of various risks occurring and their impact on the Company's objectives, classifying risk levels accordingly. It distinguishes "significant risks" that require key attention from "general risks", as well as risks that require general attention, to guide the subsequent allocation of management resources and the formulation of countermeasures.

- *Risk Response*
  Aiming at identified risks of different levels, allocate resources and develop response measures for climate risks to eliminate, reduce, or transfer the impact of risks on the Company.

- *Risk Monitoring*
  Continuously monitor climate-related risks and opportunities, regularly update the inventory of climate risks and opportunities, keep track of the effectiveness of risk responses, and ensure that management receives regular reports on climate-related risks and opportunities.

INDICATORS AND TARGETS

In terms of climate-related risk management, during the Year, we invested RMB150,000 for roof waterproof maintenance of production buildings to enhance the resilience of physical assets against extreme weather. At the same time, we invested RMB140,000 to purchase property insurance, reducing the financial impact that potential climate events may bring through a risk transfer mechanism. During the reporting period, the Group has not yet established an internal carbon pricing mechanism. For other cross-industry indicators, we decided to adopt reasonable information relief and temporarily not disclose the amount and percentage of assets or business activities susceptible to climate-related risks and opportunities.

To further drive the Company's low carbon development, PW Medtech has established clear GHG emission reduction targets to further promote the Company's low carbon development. Using 2025 as the baseline, we have set a target to reduce the intensity of Scope 1 and 2 GHG emissions per 10,000 items by 1% by 2030, provided there are no major adjustments to the Group's businesses. We will review the targets and performance of Scope 1 and 2 greenhouse gas emissions annually and evaluate whether any revisions are needed. Please refer to the "GHG Emissions" section above for details.

PROMOTING EFFICIENT OPERATION

As a pioneer in the medical device manufacturing industry, the Group always places product quality and patient safety as top priorities, deeply understanding that the safety and effectiveness of products are directly related to the life and health of patients. With a high sense of responsibility and rigorous professional attitude, we span the entire life cycle of R&D, production, and testing to ensure that all products comply with the laws, regulations, and standards of the country and operational locations, committing to providing customers with high-quality, reliable products. In terms of production and quality management, the Group strictly complies with the relevant national laws and regulations on medical devices, including the "On-site Inspection Guidelines for Medical Device Production Quality Management", "Medical Device Recall Management Measures", "Measures for the Supervision and Management of the Manufacture of Medical Devices", "Quality Control Regulations for the Operation of Medical Devices", "Self-inspection Report of the Manufacturing Enterprises of Medical Devices", "Regulations on the Quality Control of Medical Device Manufacturing", "Measures on the Supervision and Management of Medical Device Operation", "Medical Device Management Law of the People's Republic of China", "Regulations on the Supervision and Administration of Medical Devices", and "Good Manufacturing Practice for Pharmaceutical Products", and a series of normative documents. At the same time, we continuously improve internal management policies and implementation mechanisms, systematically implement compliance requirements, comprehensively strengthen responsibility control throughout the entire process of products, and use practical actions to fulfill our firm commitment to product safety and quality.

To transform the aforementioned commitments and regulatory requirements into practical actions, the Group has established and continuously improved a quality management system covering the entire product chain, and constantly listens to user feedback, systematically integrating customer needs into the product iteration and upgrading process, driving products to constantly align with actual application scenarios on the basis of safety and effectiveness, effectively assisting in the improvement of medical services.

Maintaining Product Responsibility

Relevant policies

"Process Documentation", "Product Protection and Control Procedures", "Production Process Control Procedures", "Product Recall Management and Control Procedures", "Regulations for the Management on the use of Labels and Qualification Seals", "Identification and Traceability Control Procedures", "Quality Manual", "Warehouse Management System", "Intermediate Product Management System", "Customer Complaint Handling Control Procedure", and "Agreement on Quality Assurance and After-sales Services".

Quality Management

The Group considers product quality as the cornerstone of enterprise development, and has established and continuously improved a quality management system covering the entire product life cycle. Based on a clear division of power and responsibility and departmental collaboration, this system defines quality objectives and corresponding responsible departments at each stage. Through institutionalized and procedural control mechanisms, strict supervision and closed-loop management are implemented in various links such as product R&D, production, storage, delivery, and even recall.

Currently, the Group has obtained various management system certifications. In particular, both the Fert Plant and Ruijian Medical have obtained the ISO13485 quality management system certification for medical devices and the ISO19001 quality management system certification, providing a solid guarantee for the quality control of the Group. Meanwhile, a number of products including single-use intravenous indwelling needles, single use closed anti-needlestick intravenous indwelling needles, pen injectors, insulin injection pen needles, positive pressure connectors, and hemodialyzers have also obtained CE certification (the EU mandatory product safety qualification mark), indicating that our systematization and standardization in quality management are in line with international standards, and also providing a solid guarantee for continuously supplying safe, reliable, and compliant products to the market.

Process and System	Control Dimension	Specific Measure Requirements
Product Manufacturing • "Process Documentation" • "Production Process Control Procedures"	Process specification	Based on product characteristics, compile the "Process Documentation" to specify all the production process requirements and procedures of all manufacturing techniques from raw materials to finished products.
• "Identification and Traceability Control Procedures"	Process control	Regulate the entire production process of the Company's products in accordance with the "Production Process Control Procedures".
	Equipment control	The production department is responsible for the repair and maintenance work on production equipment to ensure they operate properly and meet production needs.
	Material control	All materials entering the production workshop must be products that have passed the incoming material tests.
	Environment control	The production department is responsible for the operation, repair and maintenance of purification equipment at the clean zone.
	Personnel control	The technology department strictly complies with the requirements of the technical documents and provides regular training for actual operators to ensure they are familiar with the operating procedures.
	Identification and traceability	Identify and trace products during the processes of product receipt, production, sales, and delivery in accordance with the "Identification and Traceability Control Procedures".
Product Storage • "Warehouse Management System" • "Product Protection and Control Procedures"	Storage management	Formulate the "Warehouse Management System" to specify the management system for the outgoing and incoming of various types of materials (raw materials, semi-finished products, finished products, etc.) and to guide and regulate the daily operations of the warehouse staff.
• "Identification and Traceability Control Procedures"	In-stock quality monitoring	In accordance with the "Product Protection and Control Procedures", set up the position of warehouse managers who are required to inspect the materials on a regular basis. If any material is found to have quality issues, it must be reported promptly and destroyed according to regulations.
	Storage environment maintenance	Warehouse managers are required to carry out procedures for prevention of moisture, dust and contamination within the warehouses on a regular basis, so as to eliminate the hidden dangers in the storage of materials.
	Identification and traceability	Regulate product identification during the inventory storage stage in accordance with the "Identification and Traceability Control Procedures" to ensure traceability.

Process and System	Control Dimension	Specific Measure Requirements
Product Delivery • "Identification and Traceability Control Procedures"	Protection during transportation	Carry products in strict compliance with the instructions on the product labels. All delivery vehicles shall be covered with waterproof cloths to prevent products from being contaminated.
	Handling shipping procedures	For products required by customers to handle shipping, the logistics department of the Group needs to choose the suitable mode of shipping and complete the shipping procedures.
	Protection during direct delivery	As for products delivered directly to customers, the delivery personnel are required to bind the products and use cushioning and rainproof materials in transit, to ensure product quality before delivery.
	Identification and traceability	Regulate product identification during the delivery process in accordance with the "Identification and Traceability Control Procedures" to ensure traceability in the logistics process.
Product Recall • "Product Recall Management and Control Procedures"	Assessment and judgment	If products have any health or safety risks, the technology department shall organize relevant departments to make a recall judgment in accordance with the "Product Recall Management and Control Procedures".
	Recall execution and reporting	The quality management department is required to publish a recall notice for the defective products, file a record with the Beijing Municipal Medical Products Administration, and fill in the "Report of Medical Device Recall Event" within 5 days.
	Internal and external notification	The business department needs to notify the relevant distributors, user units or users. The recall notice should include the product name, specification, models, batch number, reasons, requirements, and handling methods.
	Records filing and management	Following the completion of the product recall, the quality management department must document all relevant records and archive for future reference.

During the Year, the Group received 11 product-related complaints (2024: nil). Regarding the product issues related to market feedback among them, the quality management department and the technology department jointly completed re-testing and confirmation, and conducted an internal investigation on the same batch and same type of products, finding no reported issues. In response to complaints caused by the logistics and transportation process, the Group took multi-level rectification measures: in the logistics stage, notified the carrier to strengthen the protection of products during transportation; in the receiving stage, required hospitals to confirm whether the outer packaging is damaged before signing, and distributors are also required to strictly monitor warehouse temperature to ensure compliance with storage specifications; at the internal packaging level, the Group has optimized the product outer packaging protection design by adding pearl cotton pads between products to effectively reduce the risk of inner bag damage caused by transportation bumps. At present, all the above rectification measures have been completed as planned, and through continuous monitoring subsequently, related issues have been prevented from reoccurring. To ensure timely and effective handling of customer complaints when they occur and to maintain smooth communication with customers, the Group has formulated the "Customer Complaint Handling Control Procedure", which specifies the duties and collaboration processes of relevant departments such as the marketing department, quality management department and technology department, serving as the standard basis for handling all customer complaints relating to the Group's products.

Product Labels

The Group strictly complies with relevant laws and regulations on the identification of medical devices, and has formulated the "Regulations for the Management on the use of Labels and Qualification Seals" and the "Identification and Traceability Control Procedures" and other internal systems to systematically regulate and manage product labels. In the production process, each team is required to collect corresponding labels from the warehouse based on product characteristics to ensure accurate identification. The label compiled and attached for each product clearly contains key information, aimed at helping physicians and patients to correctly understand and use the products. This label management system from the source to the terminal is an important foundation for the Group to fulfill its product safety and information transparency responsibilities.

Privacy Protection

The Group has established a systematic customer feedback and information security assurance mechanism, committing to strictly maintaining its confidentiality responsibility while listening to customers' voices, in order to protect consumers' rights. We proactively collect customers' opinions and suggestions on our products through various channels such as questionnaire surveys and telephone interviews. In this process, all customer personal data and privacy-related content that may be obtained are strictly defined as the Group's trade secrets and subject to special protection. To ensure that such information is properly managed, the Group has formulated a complete confidentiality management system, explicitly stated in the "Staff Manual", and coordinated and implemented by the human resources department, requiring all employees to jointly comply. The system clearly defines violations that threaten information security, including but not limited to the unauthorized copying of confidential files, or the use of group files for non-group business purposes, etc., and is equipped with corresponding monitoring measures.

We also empower employees with the responsibility to proactively maintain information security. If any employee finds that confidential information may be leaked or used in violation of regulations, they have the obligation to immediately report to their direct supervisor, so that the Group can swiftly initiate response procedures and take all necessary preventive measures to ensure customer trust and the Group's assets are not compromised.

Intellectual Property Rights

The Group fully recognizes that intellectual property rights are important resources that drive innovation and development and build core competitive advantages. To systematically protect innovation achievements and regulate the full life-cycle management of intellectual property rights, the Group strictly abides by the "Patent Law of the People's Republic of China" and the guiding spirit of the National Intellectual Property Administration regarding high-quality patent work, and has established and continuously improved a comprehensive and clearly defined internal intellectual property management system.

This system takes the "Enterprise Patent Management System" as its core, accompanied by specific procedures such as the "Patent Award Management System", explicitly regulating the procedures and job responsibilities in various links from technology R&D project initiation, patent application layout, maintenance and evaluation, to the transformation and application of achievements. The system applies to all employees of the Group, aiming to ensure that intellectual property management is deeply integrated into R&D and business activities, so that intangible assets are effectively protected and their value is unlocked.

In external cooperation, the Group places intellectual property compliance in an important position. Through special policies, we explicitly require that all partners, including suppliers, must guarantee that the products they provide do not involve intellectual property issues. The Group solemnly commits that in all business activities and cooperation, while resolutely defending its own intellectual property rights, it will also fully respect and strictly maintain the legitimate intellectual property rights and interests of all partners.

Currently, the Group's operation does not involve any product advertisement, therefore it has not formulated the relevant policies. In the future, the Group will update such policies depending on its business development.

Managing the Supply Chain

Relevant policies

"Regime for Supplier Review Management", "Regulations for Supplier Management", "Procurement Control Procedures", "Procurement Management System" and "Supplier Scoring Criteria".

The Group considers the supply chain as an important link to achieve sustainable development, and is well aware that the performance of suppliers in environmental protection, social responsibility and corporate governance (ESG) is directly related to the resilience of the entire supply chain ecosystem and the long-term value of the Group. To systematically manage relevant risks and promote mutual progress, the Group has established a full-process comprehensive supplier management system.

This system is led by the procurement department, collaborating with technology, R&D, production, quality management and other departments to jointly execute. We implement strict quality control on suppliers through standardized management procedures covering supplier audit, evaluation, cooperation and procurement behavior, to improve procurement efficiency.

In the supplier admission process, the Group prefers to continuously cooperate with qualified suppliers who have a long cooperation history and stable performance. When it is necessary to introduce new suppliers, the procurement department will conduct in-depth market investigations, focusing on evaluating their production capacity, quality control system, technological level and business integrity, to ensure that the candidate units meet the comprehensive standards of the Group.

For suppliers that have established cooperation, the Group implements dynamic performance management. When the quality of purchased products fluctuates abnormally or the supplier fails to meet relevant regulations and cooperation requirements, the Company will conduct a re-evaluation of that supplier to ensure that supply chain quality remains under control. At the end of each year, all relevant departments will conduct a centralized comprehensive evaluation of suppliers, systematically reviewing and analyzing their indicators and performance in product quality, delivery capability, technological level, etc. For suppliers that fail to meet the Group's requirements in terms of environment, society, product quality and delivery capacity, we will clearly propose improvement suggestions and assist them in upgrading. If they persistently fail to meet the requirements, their supply qualifications will be canceled depending on the situation.

Meanwhile, the Group continuously monitors changes in domestic and foreign laws and regulations and policies, especially new regulations that may affect raw material supply, so as to make timely and forward-looking adjustments to the supply chain strategy, ensuring the compliance and stability of the supply chain.

Environmental requirements for suppliers	Social requirements for suppliers
Investigate the environmental performance of the suppliers, including their exhaust gas emissions, sewage discharge and use of resources.	Suppliers should submit inspection reports from qualified inspection centers on the use of certain hazardous chemicals.

Adherence to Business Ethics and Anti-Corruption

Relevant policies

"Anti-fraud Policy", "Whistleblowing Policy" and "Staff Manual".

The Group strives to build a culture of probity. Through the "Anti-fraud Policy", it has established a mechanism with clear rights and responsibilities to prevent and inspect fraud, which is jointly participated in by the Board, the Audit Committee, the internal audit department, the management and all employees. The Group requires all employees to abide by the code of professional ethics, and in accordance with the "Whistleblowing Policy", encourages any person to truthfully report actual or suspected fraudulent or unethical behaviors through dedicated channels. In case of any relevant fraudulent or unethical behaviors, the Group will impose different degrees of punishment on the relevant personnel, terminate the labor contract relationship, or hand them over to the judicial authorities for lawful handling, depending on the severity of the facts. During the Year, the Group had no (2024: no) proceedings regarding corruption filed or concluded against the Group and its employees.

During the Year, the Group has included training reflecting the spirit of integrity in the orientation training. The training hours data for training reflecting the spirit of integrity are included in the section "Provision of Development and Training Opportunities" below.

UPHOLDING THE PEOPLE-ORIENTED PRINCIPLE

Relevant Policies

"Staff Manual", "Regulations on Entry and Resignation Management", "Regulations on Employee Regularization Management", "Measures for Prevention and Rectification of Misuse of Child Labor" and "Recruitment Management Regulations".

The Group firmly believes that employees are the most valuable wealth of the enterprise and the core driving force for sustainable development. We regard comprehensively protecting employees' legitimate rights and interests, actively creating a safe and healthy working environment, and systematically building employee career development channels as the cornerstone of fulfilling corporate social responsibility and the key driving engine for achieving sustainable development.

To transform this core value into practical management practices, the Group strictly follows and comprehensively implements national and local laws and regulations concerning employment, labor rights, and occupational health and safety in all operating locations (for details, please refer to the "Compliance Profile" section below). On this basis, we have systematically established and continuously optimized a comprehensive management system covering the full cycle of talent "selection, employment, cultivation, and retention". This system explicitly regulates key elements such as employee remuneration, recruitment, dismissal, training, safety, and labor standards, committing to creating a fair, just, safe, healthy, inclusive, diverse, and actively empowering organizational environment, thereby stimulating the innovative potential and dedication of all employees, and ultimately achieving the synergistic advancement and mutual growth of personal value and organizational development.

Comprehensive Employment System

The Group has established a comprehensive employee rights protection and human resources management system. In terms of remuneration and employment management, we implement a position-based salary system, legally guarantee working hours and leave rights, and reserve the right to terminate employment for serious violations. In terms of career development, we provide a fair development platform for all employees through standardized recruitment, assessment, and promotion mechanisms, and uphold the commitment to equal opportunities and anti-discrimination, while actively building a diverse and inclusive team. In addition, the Group provides diverse benefits and cultural/sports activities to care for employees' lives, and strictly abides by the law to eliminate forced labor and the use of child labor, and fully protects employees' working environment safety and physical and mental health through a sound occupational health and safety management system.

Covered Areas of Employment System	Specific Measures and Descriptions
Remuneration and dismissal	Remuneration structure: Adopts a position-based salary system, consisting of basic salary and performance-based salary. Termination of employment: The Company reserves the right to terminate the labor relationship according to law for serious violations such as providing false working hours and continuous absenteeism.
Recruitment and promotion	Recruitment: The human resources department formulates a plan based on departmental needs, and organizes implementation after approval. Promotion: Conduct regular employee assessments, and the assessment results serve as the main basis for promotion.
Working hours and holidays	Working hours: Unified planning to ensure employees' normal rest and health. Holidays: Comply with national statutory holidays, and provide paid leaves such as personal leave, sick leave, marriage leave, maternity leave, etc.
Equal opportunities and anti-discrimination	In employment, training, and career development, provide equal opportunities for all employees, do not discriminate based on factors such as gender, age, nationality, religious belief, or skin color, and maintain a zero-tolerance attitude towards any discriminatory behavior.
Diversity and care	Diversity: The Group is committed to establishing a diverse working environment, and has employed ethnic minority employees and employees with disabilities, and provides them with special care. Benefits: Provide benefits such as canteens, fitness centers, staff dormitories, communication allowances, etc., and organize cultural and sports activities to create a harmonious atmosphere.
Prohibition of forced labor and child labor	Prohibition of forced labor: Expressly prohibit any form of forced labor, and respect employees' rights to freely resign. Prohibition of child labor: Strictly inspect identity documents during recruitment, immediately cancel qualifications if child labor is found, and assist in returning them to their guardians.
Occupational health and safety	Establish an occupational health and safety management system, covering various aspects such as safety facilities and labor protection equipment allocation, full-time management personnel settings, emergency plans, regular health checks, and systematic safety training.

Guarantee Health and Safety

Relevant Policies

"Responsibility System for Safety Production", "Production Safety Inspection Management System", "Management System for Safety Production Education and Training", "Safety Management System for Hazardous Operations", "Management System for Reporting and Handling Production Safety Accidents", "Management System for Investigations and Rectification of Hidden Hazards and Filing and Monitoring", "Safety Operation Procedures Management System", "Fire Safety Management System" and "Management System on the Prevention and Control of Occupational Hazards".

Occupational Safety

The Group places the health and safety of employees in the first place, strictly complies with the "Production Safety Law of the People's Republic of China" and the "Law of Prevention and Control of Occupational Diseases of the People's Republic of China" and other laws and regulations, implements the policy of "focus on preventive measures and a combination of prevention and control", systematically builds the occupational health and safety management system, and has passed the evaluation on grade II safety production standardization to achieve standard management and continuous improvement.

To ensure the effective operation of the system, the Group has set up a dedicated safety management organization and equipped it with full-time management personnel holding certificates. The main principals and full-time safety managers possess the corresponding capabilities, obtain relevant training certificates, and undergo annual periodic retraining to update their qualification certificates in a timely manner. We implement dynamic risk control, conduct monthly investigations and rectifications of hidden hazards, and constantly better the working environment. At the same time, we engage third parties with professional qualifications annually to conduct monitoring on dust, chemicals and other factors in workplaces, and all results are qualified.

In terms of employee health protection, the Group strictly fulfills its obligation to inform positions exposing to occupational disease hazards. The hazard factors, protective facilities, protective equipment, and emergency treatments for such positions are all informed, and targeted induction and annual periodic training are carried out, alongside the provision of complete protective facilities and personal labor protection equipment. Every year, we organize professional occupational health checks for employees in relevant positions, and the results are all normal. For special types of work such as electricians and forklift operators, they are required to be trained by government-accredited institutions and obtain operation certificates before taking up their posts to ensure safety.

In addition, the Group has established a normalized, multi-level safety training system. The contents cover induction training for new employees, monthly safety production and equipment use training, as well as special training on limited space operations, accident warnings, use of protective equipment, etc., continuously improving the safety awareness and emergency response capabilities of all staff.

Fire Safety

The Group regards fire safety as the top priority of safety production management. In order to completely eliminate fires and major personal and equipment accidents, it has systematically constructed a fire safety management system covering systems, facilities, training, and organization. We formulate and strictly implement the "Fire Safety Management System". At each operation site, we equip fire extinguishers and emergency facilities in sufficient quantities according to standards, and carry out regular inspections and maintenance to ensure that they are always in an effective state. Information on all equipment is updated in the "Fire Equipment Management Ledger" in a timely manner to achieve dynamic and precise management. To instill fire safety awareness into people's minds, the Group regularly organizes special training and publicity education for all employees. The training contents are closely combined with the actual situation of the positions, aiming to help employees clearly identify the fire risks related to their work areas and positions, master the operational skills of various fire-fighting equipment, thereby comprehensively enhancing their actual combat capabilities in preventing fires, fighting initial fires, and evacuating and escaping. Furthermore, the Group has specially formed a voluntary fire-fighting team composed of employees. Under the unified leadership of the management, the team is responsible for specific fire-fighting duties in different zones, and continuously strengthens its emergency response, coordinated operation, and on-site disposal capabilities by regularly carrying out actual combat fire drills, becoming an important specialized auxiliary force for guaranteeing the Company's fire safety.

Emergency Response

To ensure normal production and operation, prevent and control potential accidents or emergencies in the course of production, and enable immediate and effective response after accidents, the Group has formulated the "Comprehensive Emergency Plan for Production Safety Accidents", which applies to sudden accidents such as natural disasters, fires, electric shocks, poisoning, and burns occurring within the plant. When a sudden safety event such as a fire or explosion occurs, the responsible personnel should immediately organize crowd evacuation and report to the police promptly. If the relevant situation is within a controllable range, fire-fighting equipment can be used to extinguish the fire independently. The location information of all fire-fighting equipment can be consulted in the "Fire Equipment Management Ledger".

During the reporting period, the number of work-related fatalities of the Group was 0 (2024: 0, 2023: 0), the number of work-related injuries was 12 in total (2024: 6, 2023: 5), and the corresponding lost working days due to work injuries amounted to 206.50 days (2024: 84 days, 2023: 33 days). All accidents were followed up and handled according to regulations, and relevant preventive measures were implemented to reduce the risk of recurrence. The Group improved production equipment and processes in a timely manner, eliminated hidden safety hazards of production lines, and emphasized the importance of safety production by organizing trainings on safety production awareness and operation for relevant employees. For the sake of avoiding such events in coming years, the Group organized a number of relevant operational trainings for all staff to improve the awareness of crisis prevention of employees and further standardized the operational procedure. During the Year, the Group organized employees to participate in 122 (2024: 207) occupational safety training programs, covering 1,634 (2024: 1,290) employees. The Group takes responsibility for the health and safety of employees, while cultivating employees' awareness of safety production, so as to build an ideal working environment that values life and safety.

Provision of Development and Training Opportunities

The Group attaches great importance to employee development, proactively cultivates employees' vocational skills, and provides employees with comprehensive, diversified and professional training opportunities and career development opportunities. The human resources department is responsible for the overall planning and management of all employees' training, with each functional division responsible for mapping out their respective professional training plan and assessment standards. The human resources department has formulated the "Training Management System", which was incorporated in the "Staff Manual", and categorized staff training into two parts, namely internal training and external training. Leveraging internal lecturers and external professional online training platform courses, it aims to enhance the occupational knowledge, skills and comprehensive capacities of staff required for their job positions.

The Group places great importance on the continuous growth and career development of its employees, viewing them as the cornerstone of its long-term development. We are committed to building a systematic, diverse learning and development system that is closely integrated with the business. To ensure the advancement and effectiveness of training work, the Group has established a clear division of power and responsibility mechanism. The human resources department is responsible for formulating the Group's overall training plans, systems, and resource management; while each functional department takes the lead in designing and implementing training plans and assessment standards in their professional fields according to business development and position requirements. The human resources department has formulated the "Training Management System" and incorporated it into the "Staff Manual", systematically dividing training into two major modules: internal training and external training. We fully integrate internal and external high-quality resources, on the one hand, discovering internal experts to serve as lecturers to share practical experience; on the other hand, introducing authoritative external online training platform courses, ensuring that employees can continuously obtain cutting-edge professional knowledge and constantly refine professional skills and comprehensive core capabilities.

During the Year, the Group organized 513 (2024: 714) training programs, including general training, departmental compliance training, industry standards training, laboratory and plant operation training, equipment use training and anti-corruption training, with a total of 15,234 (2024: 10,381) training hours.

SUPPORT SOCIAL WELFARE

Relevant policies

"Community Investment Policy".

The Group adheres to the original intention of "inclusive healthcare", and regards active participation in public welfare undertakings and giving back to the community and public as an important responsibility of corporate development. We have formulated the "Community Investment Policy", explicitly combining social welfare investment with the long-term development of the enterprise to ensure that social value creation and business operations complement each other.

During the Year, each business segment under the Group actively carried out and participated in a series of socially impactful activities: through organizing medical and health science popularization activities, we delivered practical medical knowledge to the public and advocated healthy lifestyles; we held special lectures on mental health, calling on society to pay attention to special disease groups and helping to relieve the public's psychological pressure. At the same time, we deeply integrate the concepts of environmental protection and resource conservation into our daily operations, effectively practicing our commitment to sustainable development.

Looking to the future, the Group will utilize its professional capabilities and resources more strategically, and continuously through projects, plans, and initiatives, commit to creating positive impacts with both short-term practical results and long-term values for the community and society.

COMPLIANCE PROFILE

Compliance with the Relevant Laws and Regulations

Aspects	Relevant laws and regulations	Compliance disclosure	Possible material impact on the Company	Measures to ensure compliance with the laws and regulations
A1 Emissions	• The Environmental Protection Law of the People's Republic of China • The Law of Prevention and Treatment of Water Pollution of the People's Republic of China • The Atmospheric Pollution Prevention and Control Law of the People's Republic of China • The Environmental Impact Assessment Law of the People's Republic of China	During the Year, the Group has not identified any cases of non-compliance with the laws and regulations regarding emissions.	The Group may face administrative punishments and order of business suspension for serious cases.	The Group complies with environmental protection laws, regulations and requirements, formulates the relevant group policy management system and regulatory control procedures, and carries out treatment and discharge of emissions in line with relevant laws, regulations and requirements.
B1 Employment	• The Labor Law of the People's Republic of China • The Civil Code of the People's Republic of China • The Employment Promotion Law of the People's Republic of China • The Labor Dispute Mediation and Arbitration Law of the People's Republic of China	During the Year, the Group has not identified any cases of non-compliance with the laws and regulations regarding employment.	The Group may face administrative and legal punishment, which would bring negative impacts and corresponding legal risks to its brand image.	Based on the relevant legal requirements, the human resources department formulates the "Recruitment Procedure" and upholds the principles of openness, fairness and justice in talent recruitment and management.
B2 Health and Safety	• The Production Safety Law of the People's Republic of China • The Law on Prevention and Control of Occupational Diseases of the People's Republic of China • The Fire Control Law of the People's Republic of China	During the Year, the Group has not identified any cases of non-compliance with the laws and regulations regarding health and safety.	The individual rights of employees and corresponding rights of the Group may be affected. Meanwhile, the Group may also face the risk of legal proceedings.	The Group reviews and updates relevant mechanisms regularly, so as to ensure all safety measures are complied with laws and regulations, and are implemented in a proper manner.
B4 Labor Standards	• The Labor Law of the People's Republic of China • The Law on Protection of Rights and Interests of Women of the People's Republic of China • The Law on Protection of Minors of the People's Republic of China • The Provisions on Prohibition of Child Labor	During the Year, the Group has not identified any cases of non-compliance with the laws and regulations regarding labor standards.	The Group's reputation in the market may be affected.	The Group forbids the use of child and forced labor at all operation sites. It has also formulated a number of internal measures and control procedures to prevent child and forced labor.

Aspects	Relevant laws and regulations	Compliance disclosure	Possible material impact on the Company	Measures to ensure compliance with the laws and regulations
B6 Product Responsibility	• The Product Quality Law of the People's Republic of China • Patent Law of the People's Republic of China • The Law on Protection of the rights and interests of consumers of the People's Republic of China	During the reporting period, the Group has not identified any cases of non-compliance with the laws and regulations regarding product responsibility.	It would not only affect the Group's image and consumers' confidence, but also cause legal and other risks as well as economic loss to the Group.	Based on the requirements of the National Medical Products Administration, the product R&D department and the technology department design and develop products. The procurement department adopts stringent supply chain management. The quality control department performs quality inspection procedures on all segments through the corresponding mechanism.
B7 Anti-corruption	• The Anti-Unfair Competition Law of the People's Republic of China • The Anti-Money Laundering Law of the People's Republic of China	During the reporting period, the Group has neither been involved in any proceedings regarding corruption that were brought against the Group or its employees, nor violated relevant laws and regulations which have a material impact on the Group.	It would increase the operating cost of the Group and cause economic loss.	The "Staff Manual" has specified the code of conduct that the staff must follow and the zero-tolerance approach towards illegal activities, such as corruption and bribery. The Group also offers training to raise the anti-corruption awareness of employees.

OVERVIEW OF KEY PERFORMANCE INDICATORS

Environmental Performance

	Types	Emissions for the Year	Emissions for 2024
Exhaust gases	Nitrogen oxides (kg)	15,065.09	9,959.79
	Sulfur oxides (kg)	3,764.66	2,487.29
	Respirable suspended particles (kg)	1,506.61	996.00

	Scopes	Emissions for the Year	Emissions for 2024
GHG emissions	Scope 1: Direct GHG emissions (carbon dioxide equivalent in tonnes)		
	Fossil fuel combustion — fixed source	14,812.76	9,785.62
	Fossil fuel combustion — mobile source	74.11	101.80
	Refrigerants	68.00	68.00
	Scope 2: Indirect GHG emissions associated with energy (carbon dioxide equivalent in tonnes)		
	Purchased electricity	17,708.58	15,049.96
	Scope 3: Value chain indirect GHG emissions (carbon dioxide equivalent in tonnes)		
	Aviation travel	148.52	/
	Waste disposal	832.67	/
	Total Scope 1 and 2 GHG emissions	32,663.45	25,005.38
	GHG intensity (Scope 1 and 2, carbon dioxide equivalent in tonnes/m^2)	0.37	0.28
	Total Scope 1, 2 and 3 GHG emissions (carbon dioxide equivalent in tonnes)	33,644.64	/
	GHG intensity (Scope 1, 2 and 3, carbon dioxide equivalent in tonnes/m^2)	0.38	/

	Types	Generation for the Year	Generation for 2024
Wastes	Hazardous wastes (tonnes)	310.30	299.93
	Intensity of hazardous wastes (calculated by production volume, i.e., “tonnes/10,000 items”)	0.0430	0.0414
	Non-hazardous wastes (tonnes)		
	Domestic waste	863.30	644.32
	Intensity of non-hazardous wastes (calculated by the number of employees, i.e., “tonnes/number of employees”)	0.60	0.47

	Types	Consumption for the Year	Consumption for 2024
Use of energy	Direct energy (Megawatt hours)		
	Gasoline	269.15	369.71
	Natural gas	71,582.13	47,288.49
	Indirect energy (Megawatt hours)		
	Electricity	32,665.92	26,861.60
	Total energy consumption	104,517.21	74,519.80
	Energy intensity (calculated by production volume, i.e., "Megawatt hours/10,000 items")	14.48	10.28

		Consumption for the Year	Consumption for 2024
Use of water resources	Total water consumption (m^3)	486,315.00	353,337.60
	Intensity of water consumption (calculated by production volume, i.e., "m^3/10,000 items")	67.39	48.74

		Consumption for the Year	Consumption for 2024
Use of packaging materials	Total packaging materials (tonnes)	1,336.69	1,245.50
	Intensity of packaging materials (calculated by production volume, i.e., "tonnes/10,000 items")	0.19	0.17

SOCIAL PERFORMANCE

Employee Distribution		Number of employees for the Year	Number of employees for 2024
Gender	Male	505	509
	Female	935	868
Types of employment	Key management	17	18
	Management	63	72
	General staff	1,360	1,287
Forms of employment	Full-time	1,431	1,374
	Part-time	9	3
Age	Below 30	265	278
	30-40	650	614
	41-50	408	386
	Above 50	117	99
Gender ratio (male: female)		0.54:1	0.59:1
Total		1,440	1,377

Employee Distribution		Distribution and percentage of resigned employees for the Year[4]	Distribution and percentage of resigned employees for 2024
Gender	Male	156 (30.9%)	130 (25.5%)
	Female	251 (26.8%)	269 (31.0%)
Age	Below 30	132 (49.8%)	98 (35.3%)
	30-40	182 (28.0%)	199 (32.4%)
	41-50	78 (19.1%)	87 (22.5%)
	Above 50	15 (12.8%)	15 (15.2%)
Total number and percentage[5]		407 (28.3%)	399 (29.0%)

Occupational Safety and Health Performance	Indicators for the Year	Indicators for 2024	Indicators for 2023
Work-related fatalities and percentage	0	0	0
Number and percentage of employees who suffered from work-related injuries	12, 0.8%	6, 0.4%	5, 0.4%
Lost working days due to work-related injuries	206.5	84	33

4 Number of resigned employees in the category divided by the number of employees in the category as at the end of the year.

5 Number of resigned employees divided by the number of employees as at the end of the year.

Training		Distribution and percentage of employees receiving training[6]	Data for the Year Training hours (hours)	Average training hours (hours)[7]
Gender	Male	518 (35.9%)	6,677	13.2
	Female	925 (64.1%)	8,557	9.2
Types of employment	Key management	16 (1.1%)	467	27.5
	Management	63 (4.4%)	971	15.4
	General staff	1,364 (94.5%)	13,796	10.1

Training		Distribution and percentage of employees receiving training	Data for 2024 Training hours (hours)	Average training hours (hours)
Gender	Male	539 (36.1%)	4,532	8.9
	Female	956 (63.9%)	5,849	6.7
Types of employment	Key management	16 (1.1%)	338	18.8
	Management	72 (4.8%)	903	12.5
	General staff	1,407 (94.1%)	9,140	7.1
Total number of employees receiving training and training hours		1,443 (100.21%)	Data for the Year 15,234	10.6
		1,495 (108.57%)	Data for 2024 10,381	7.5

Regions in which the suppliers are located	Number of suppliers Data for the Year	Data for 2024
Eastern China	452	410
Central China	43	44
Southern China	432	348
Northern China	145	145
Northeast Region	11	12
Western China	1	2
Southwest Region	409	426
Northwest Region	12	12
Overseas	26	25
Hong Kong and Taiwan	2	9

6 Number of employees receiving training in the category divided by the total number of employees receiving training.

7 Training hours of employees of the gender or the type of employment divided by the number of employees as at the end of the year.

REPORTING CONTENT INDEX

Subject Areas	Contents	Indexes and Remarks
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Management of Emissions and Resources
A1.1	The types of emissions and respective emissions data.	Management of Emissions and Resources OVERVIEW OF KEY PERFORMANCE INDICATORS
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Management of Emissions and Resources OVERVIEW OF KEY PERFORMANCE INDICATORS
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Management of Emissions and Resources OVERVIEW OF KEY PERFORMANCE INDICATORS
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Management of Emissions and Resources OVERVIEW OF KEY PERFORMANCE INDICATORS
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Management of Emissions and Resources OVERVIEW OF KEY PERFORMANCE INDICATORS
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Management of Emissions and Resources
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).	Management of Emissions and Resources OVERVIEW OF KEY PERFORMANCE INDICATORS
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Management of Emissions and Resources OVERVIEW OF KEY PERFORMANCE INDICATORS
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Management of Emissions and Resources OVERVIEW OF KEY PERFORMANCE INDICATORS
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.	Management of Emissions and Resources OVERVIEW OF KEY PERFORMANCE INDICATORS
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Management of Emissions and Resources OVERVIEW OF KEY PERFORMANCE INDICATORS

Subject Areas	Contents	Indexes and Remarks
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Comprehensive Employment System
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	OVERVIEW OF KEY PERFORMANCE INDICATORS
B1.2	Employee turnover rate by gender, age group and geographical region.	OVERVIEW OF KEY PERFORMANCE INDICATORS
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.	Guarantee Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	OVERVIEW OF KEY PERFORMANCE INDICATORS
B2.2	Lost days due to work injury.	OVERVIEW OF KEY PERFORMANCE INDICATORS
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Guarantee Health and Safety
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Provision of Development and Training Opportunities
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	OVERVIEW OF KEY PERFORMANCE INDICATORS
B3.2	The average training hours completed per employee by gender and employee category.	OVERVIEW OF KEY PERFORMANCE INDICATORS

Subject Areas	Contents	Indexes and Remarks
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.	Comprehensive Employment System
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Comprehensive Employment System
B4.2	Description of steps taken to eliminate such practices when discovered.	Comprehensive Employment System
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Managing the Supply Chain
B5.1	Number of suppliers by geographical region.	OVERVIEW OF KEY PERFORMANCE INDICATORS
B5.2	Description of practices relating to engaging suppliers, and how they are implemented and monitored.	Managing the Supply Chain
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Managing the Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Managing the Supply Chain
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Maintaining Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for health and safety reasons.	Maintaining Product Responsibility
B6.2	Number of products and service-related complaints received and how they are dealt with.	Maintaining Product Responsibility
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Maintaining Product Responsibility
B6.4	Description of quality assurance process and recall procedures.	Maintaining Product Responsibility
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Maintaining Product Responsibility

Subject Areas	Contents	Indexes and Remarks
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.	Adherence to Business Ethics and Anti-Corruption
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.	Adherence to Business Ethics and Anti-Corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Adherence to Business Ethics and Anti-Corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Adherence to Business Ethics and Anti-Corruption
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.	Support Social Welfare
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Support Social Welfare
B8.2	Resources contributed (e.g. money or time) to the focus area.	Support Social Welfare

Subject Areas	Contents	Indexes and Remarks
Part D: Climate-related Disclosures		
Governance	19(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; and (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies.	Responding to Climate Change
	19(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 (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.	Responding to Climate Change
Strategy	20. 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: (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; (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; (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 (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.	Responding to Climate Change
	21. 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: (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; (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).	Responding to Climate Change

Subject Areas	Contents	Indexes and Remarks
	22(a). 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 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: (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (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; (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40.	Responding to Climate Change During the Reporting Period, the Group's climate transition plan remained under development.
	22(b). The issuer shall disclose information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	Responding to Climate Change
	23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Responding to Climate Change
	24. An issuer shall disclose qualitative and quantitative information about: (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(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.	Responding to Climate Change During the Reporting Period, the Group continued to identify and assess climate-related risks and opportunities. As the impact on the financial statements for the next reporting year cannot be separately quantified at present, and relevant measurement methods are still being explored and improved, the Group has not disclosed relevant information at the current stage to ensure the accuracy and effectiveness of information disclosure and avoid misleading stakeholders. Going forward, the Group will further improve the mechanism for identifying and quantifying climate-related financial impacts, thereby progressively improving climate-related information disclosure.
	25(a). The issuer shall provide qualitative and quantitative disclosures about: how the issuer expects its financial performance to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy.	
	25(b). The issuer shall provide qualitative and quantitative disclosures about: 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.	

Subject Areas	Contents	Indexes and Remarks
	26(a). 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 the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: (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. 26(b). The issuer shall disclose how and when the climate-related scenario analysis was carried out, including: (i) information about the inputs used, including: 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.	The Group continued to focus on the methodologies and applications of climate-related scenario analysis. Restricted by the fact that relevant data collection and analysis mechanisms need to be further improved at the current stage, the Group did not disclose scenario analysis in relation to climate change during the Reporting Period in order to ensure the accuracy of information disclosure. Going forward, the Group will continue to strengthen relevant data collection and enhance its capabilities, thereby progressively improving climate-related information disclosure.

Subject Areas	Contents	Indexes and Remarks
Risk Management	27(a). An issuer shall disclose information about: the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (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); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period.	Responding to Climate Change
	27(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).	Responding to Climate Change
	27(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.	Responding to Climate Change
Metrics and Targets	28. 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: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	Responding to Climate Change
	29. An issuer shall: (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: (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 28(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 28(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).	Responding to Climate Change

Subject Areas	Contents	Indexes and Remarks
	30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks. 31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks. 32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	The Group continued to identify and assess climate-related risks and opportunities. Constrained by the current data basis and assessment methodologies, the financial impacts of climate-related factors on the Group's assets and operations cannot be reasonably measured without incurring additional costs at this stage. To avoid misleading stakeholders and ensure the accuracy and reliability of information disclosure, the Group did not disclose relevant information during the Reporting Period. Going forward, the Group will continue to develop and improve the mechanism for accounting and measuring climate-related financial impacts, thereby progressively enhancing the completeness and transparency of information disclosure.
	33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Responding to Climate Change
	34. An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	During the Reporting Period, the Group continued to monitor developments in domestic and overseas carbon emission trading mechanisms, and actively explored pathways for the application of internal carbon pricing in strategic decision-making. As the Group's businesses are not yet covered under mandatory carbon emission trading schemes, its internal carbon pricing mechanism remains at the exploratory stage and has not been applied to strategic and investment decisions. Going forward, the Group will advance the development and pilot application of an internal carbon pricing mechanism in light of policy progress and its own low-carbon transition needs, thereby further refining its climate risk management.

Subject Areas	Contents	Indexes and Remarks
	35. 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 19(a)(iv).	As at the end of the Reporting Period, the Group had not yet directly incorporated climate-related performance indicators into its remuneration assessment system. We will regularly review the alignment between our remuneration policies and sustainable development objectives.
	36. 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.	Deepening Green Production
	37. 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: (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (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); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Deepening Green Production
	38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: (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.	Deepening Green Production
	39. 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.	Deepening Green Production

Subject Areas	Contents	Indexes and Remarks
	40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: (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: (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).	Deepening Green Production During the Reporting Period, the Group's climate-related targets were not established using industry decarbonization methodologies, nor were carbon credits used to offset greenhouse gas emissions.
	41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Deepening Green Production

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended December 31, 2025.

PRINCIPAL ACTIVITIES

The Company is an exempted company incorporated under the laws of the Cayman Islands with limited liability on May 13, 2011. The principal business activity of the Company is investment holding. The Group is principally engaged in the R&D, manufacturing and sales of (i) advanced infusion set, intravenous cannula products, insulin needles etc., (ii) blood purification medical devices, and (iii) animal-derived regenerative medical biomaterials and human tissue repair alternative products in the PRC.

The activities and particulars of the Company's subsidiaries are shown under Note 37 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year ended December 31, 2025 by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and Note 6 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business during the year ended December 31, 2025, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. A discussion on relationships with its key stakeholders is included in the sections headed "Management Discussion and Analysis", "Corporate Governance Report" and "Environmental, Social and Governance Report" in this annual report. In addition, a description of the environmental policies and performance of the Company is set out in the section headed "Environmental, Social and Governance Report" in this annual report. These discussions form part of this directors' report.

DIVIDEND

The Board has recommended the payment of a final dividend HK2.0 cents per share for the year ended December 31, 2025 (for the year ended December 31, 2024: HK5.3 cents). Together with the interim dividend of HK4.4 cents per share already paid, total dividend for the full year of 2025 amounted to HK6.4 cents per share (2024: HK9.8 cents per share).

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). The Dividend Policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the Shareholders.

The Board intends to distribute no less than 70% of the profit attributable to shareholders of the Company for a financial year.

The Board adopts the Dividend Policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles and all applicable laws and regulations and the factors including without limitation to:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of Shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may deem appropriate.

Any final dividend for a financial year will be subject to shareholders' approval. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles.

The Board will review the Dividend Policy as appropriate from time to time.

ANNUAL GENERAL MEETING

The forthcoming 2026 AGM will be held on Friday, June 26, 2026. The notice of the AGM will be published and dispatched (if requested) in due course in the manner as required by the Listing Rules.

CLOSURE OF THE REGISTER OF MEMBERS FOR 2026 AGM

For determining the entitlement to attend and vote at the 2026 AGM, the register of members of the Company will be closed from June 23, 2026 to June 26, 2026, both days inclusive, and during which period no transfer of shares of the Company will be registered. The record date will be June 26, 2026. In order to be eligible to attend and vote at the 2026 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on June 22, 2026.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 10 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended December 31, 2025 are set out in Note 14 to the consolidated financial statements on page 154 of this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended December 31, 2025 are set out in Note 29 to the consolidated financial statements on page 171 of this annual report.

EQUITY-LINKED AGREEMENTS

During the year ended December 31, 2025, the Company has not entered into any equity-linked agreement.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year ended December 31, 2025 are set out in Note 30 and Note 38(b) to the consolidated financial statements on page 172 and page 185 of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2025, the Company's distributable reserves were RMB2,229.9 million.

BORROWINGS

As at December 31, 2025, the Company's borrowing balance was RMB15.0 million (as at December 31, 2024: RMB5.8 million).

DONATIONS

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by each of the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the year ended December 31, 2025. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year ended December 31, 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has from time to time, repurchased the shares on the open market during the twelve-month period commencing July 2025, subject to market conditions and pursuant to the Repurchase Mandate. The Board has designated a dedicated officer of the Company to implement the share repurchase, subject to market conditions and pursuant to the Repurchase Mandate. The timing, price and amount of repurchases will be determined based upon market conditions and other factors. For further details, please refer to the relevant announcement of the Company dated July 4, 2025.

During the year ended December 31, 2025 and up to the date of this annual report, the Company has repurchased on the Stock Exchange a total of 19,488,000 shares of the Company (the "**Shares Repurchased**") at a total consideration of approximately HK$27,664,010. Details of the Shares Repurchased are summarized as follows:

Month of repurchase	Total number of Shares Repurchased	Repurchase price per share		Aggregate consideration
		Highest HK$	Lowest HK$	HK$
July 2025	4,413,000	1.48	1.36	6,367,210
August 2025	0	N/A	N/A	N/A
September 2025	9,108,000	1.56	1.38	13,194,800
October 2025	1,331,000	1.47	1.46	1,953,570
November 2025	339,000	1.38	1.34	466,440
December 2025	0	N/A	N/A	N/A
January 2026	677,000	1.28	1.28	866,560
February 2026	3,620,000	1.40	1.28	4,815,430
March 2026 (up to the date of this annual report)	0	N/A	N/A	N/A

As at the date of this annual report, a total of 13,146,000 Shares Repurchased have been cancelled, out of which 4,413,000 and 8,733,000 Shares Repurchased were cancelled on August 18, 2025 and September 30, 2025, respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended December 31, 2025 and up to the date of this annual report.

As at December 31, 2025 and up to the date of this annual report, there were no treasury shares held by the Company.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted the code provisions as set out in the CG Code as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the Code during the year ended December 31, 2025, with the exception of code provision C.2.1 of the CG Code.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same person. Currently, Ms. Yue'e ZHANG performs both the roles of the chairman of the Board and the chief executive officer of the Company. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies which is in the best interests of the Company. Under the leadership of Ms. Yue'e ZHANG, the Board works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

PRE-EMPTIVE RIGHTS

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

DIRECTORS

The Board during the year ended December 31, 2025 and up to the date of this annual report consists of the following six Directors:

Executive Director

Ms. Yue'e ZHANG *(Chairman and CEO)*

Non-executive Directors

Mr. JIANG Liwei
Mr. LIN Junshan

Independent Non-executive Directors

Mr. WANG Xiaogang
Mr. CHEN Geng
Ms. WANG Fengli

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out on pages 14 to 16 in the section headed "Profile of Directors and Senior Management" to this annual report.

DIRECTORS' SERVICE CONTRACTS

The Company has issued letters of appointment (i) to Ms. Yue'e ZHANG, the executive Director for a term of 3 years from March 31, 2025; (ii) to Mr. JIANG Liwei, a non-executive Director, for a term of 3 years from March 31, 2025; (iii) to each of Mr. LIN Junshan, a non-executive Director, and Mr. WANG Xiaogang and Mr. CHEN Geng, independent non-executive Directors, for a term of three years from October 15, 2025; and (iv) to Ms. WANG Fengli, an independent non-executive Director, for a term of 3 years from March 31, 2025.

The term of office of each of the Directors is subject to termination, and termination notice can be served either by the Director or the Company. The appointment may be renewed in accordance with the Articles and the applicable rules.

Save as disclosed above, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CONTRACT WITH DIRECTORS AND CONTROLLING SHAREHOLDER

No contract of significance has been entered into among the Company or any of its subsidiaries and the controlling Shareholder or any of its subsidiaries during the year ended December 31, 2025.

DIRECTOR'S INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

No transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party, and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended December 31, 2025.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

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 Group's operating results, individual performance and comparable market statistics.

The remuneration (including fees, salaries, retirement benefit scheme contribution and other benefits) paid to the Directors in aggregate for the year ended December 31, 2025 was approximately RMB2.2 million.

The remuneration (including salaries, retirement benefit scheme contribution and other benefits) paid to the Group's five highest paid individuals in aggregate for the year ended December 31, 2025 was approximately RMB11.1 million.

For the year ended December 31, 2025, no emoluments were paid by the Group to any Director or any of 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 has waived any emoluments for the year ended December 31, 2025.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in Note 10 to the consolidated financial statements on pages 149 to 150 of this annual report.

Save as disclosed above, no other payments have been made or are payable, for the year ended December 31, 2025, by the Group to or on behalf of any of the Directors.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors nor the controlling Shareholder or their respective associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group.

DEED OF NON-COMPETITION

On October 14, 2013, Ms. Yufeng LIU, the Company's ultimate controlling Shareholder, and Cross Mark Limited, through which Ms. Yufeng LIU holds equity interest in the Company (Ms. Yufeng LIU and Cross Mark Limited are collectively referred to as the "Covenantors"), and the Company (for itself and as trustee for each of its subsidiaries) entered into a deed of non-competition (the "Non-competition Deed"), pursuant to which each of the Covenantors has irrevocably, jointly and severally given certain non-competition undertakings to the Company. Details of the Non-competition Deed are set out in the section headed "Relationship with Controlling Shareholders — Non-competition Undertaking" in the Prospectus.

The Covenantors declared that they have complied with the Non-competition Deed for the year ended December 31, 2025. The independent non-executive Directors have conducted such review for the year ended December 31, 2025 and also reviewed the relevant undertakings and are satisfied that the Non-competition Deed has been fully complied.

PENSION SCHEME

Details of the pension scheme of the Company are set out in Note 4.12 to the financial statements.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) for the benefit of the Directors is currently in force and was in force throughout the year ended December 31, 2025.

MANAGEMENT CONTRACTS

Other than the Directors' appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended December 31, 2025.

LOAN AND GUARANTEE

During the year ended December 31, 2025, the Group had not made any loan or provided any guarantee for any loan, directly or indirectly, to the Directors, senior management, its ultimate controlling Shareholder or their respective connected persons.

SHARE SCHEME

As at the date of this annual report, the Company has not adopted any share schemes.

DISCLOSURE REQUIRED UNDER RULE 13.18 OF THE LISTING RULES

As at December 31, 2025, there were no matters that gave rise to a disclosure required under Rule 13.18 of the Listing Rules.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at December 31, 2025, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(A) Long position in ordinary Shares

Name of Director	Capacity	Number of ordinary Shares interested	Approximate percentage+ of the Company's issued share capital
Mr. JIANG Liwei	Beneficial owner	2,638,714	0.18%
Mr. LIN Junshan	Beneficial owner	1,673,427	0.11%
Mr. CHEN Geng	Beneficial owner	636,943	0.04%

+ The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at December 31, 2025, being 1,473,589,098 Shares.

Save as disclosed above and to the best knowledge of the Directors, as at December 31, 2025, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at December 31, 2025, the following corporations/persons had interests of 5% or more in the issued Shares according to the register of interests required to be kept by the Company under section 336 of the SFO:

Long position in ordinary Shares

Name	Note	Capacity	Number of ordinary Shares interested	Approximate percentage+ of the Company's issued share capital
Cross Mark Limited		Beneficial owner	575,061,863	39.02%
Ms. Yufeng LIU	(1)	Interest of a controlled corporation	575,061,863	39.02%
Mr. ZHANG Zaixian	(2)	Interest of spouse	575,061,863	39.02%
Right Faith Holdings Limited		Beneficial owner	393,385,962	26.70%
Mr. Marc CHAN	(3)	Interest of controlled corporations	414,025,962	28.10%

Notes:

(1) The entire issued share capital of Cross Mark Limited is legally and beneficially owned by Ms. Yufeng LIU. Under the SFO, Ms. Yufeng LIU is deemed to be interested in the same number of shares of the Company in which Cross Mark Limited is interested.

(2) Mr. ZHANG Zaixian is the spouse of Ms. Yufeng LIU. Under the SFO, Mr. ZHANG Zaixian is deemed to be interested in the same number of Shares in which Ms. Yufeng LIU is interested.

(3) The entire issued share capital of Right Faith Holdings Limited is legally and beneficially owned by Mr. Marc CHAN. In addition, Amplewood Resources Limited, a company wholly owned by Mr. Marc CHAN, held 20,640,000 Shares. Under the SFO, Mr. Marc CHAN is deemed to be interested in the same number of Shares in which Right Faith Holdings Limited and Amplewood Resources Limited are interested.

\+ The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at December 31, 2025, being 1,473,589,098 Shares.

Save as disclosed above and to the best knowledge of the Directors, as at December 31, 2025, no person had registered an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year under review was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

MAJOR SUPPLIERS AND CUSTOMERS

In the year under review, the Group's largest customers accounted for approximately 6.2% of the Group's total revenue from continuing operations. The Group's five largest customers accounted for approximately 19.8% of the Group's total revenue from continuing operations.

In the year under review, the Group's largest suppliers accounted for approximately 6.9% of the Group's total cost of sales from continuing operations. The Group's five largest suppliers accounted for 18.6% of the Group's total cost of sales from continuing operations.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

EMPLOYEES

The Group had approximately 1,477 employees as at December 31, 2025, as compared to 1,415 employees as at December 31, 2024. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits, liabilities for breaches and grounds for termination.

Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the Board based on their merit, qualification and competence.

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 PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

CONTINUING CONNECTED TRANSACTIONS

Sales of Medical Devices

On July 5, 2022 (after trading hours), the Company entered into the Sales of Medical Devices Framework Agreement with Lepu Medical, pursuant to which the Group agreed to sell medical devices to Lepu Medical Group, including but not limited to dialyzers, infusion sets, intravenous cannulas and insulin injection needles and pens.

As the Sales of Medical Devices Framework Agreement had expired on December 31, 2024, on October 18, 2024 (after trading hours), the Company entered into the Renewed Sales of Medical Devices Framework Agreement with Lepu Medical to renew the Sales of Medical Devices Framework Agreement.

The Company considers that the Sales of Medical Devices Framework Agreement and the Renewed Sales of Medical Devices Framework Agreement are beneficial to the Company's business development for the following reasons:

(i) Lepu Medical Group has sales channels covering over 80 countries and regions. Leveraging on Lepu Medical's well-established product distribution network globally, they facilitate the distribution and sales of the Group's products, which would not only provide a stable source of income to the Group and contribute to the implementation of the Group's sale plan but also enhance the brand value and overseas market influence of the Company;

(ii) they allow the Group to maintain a strong strategic and business relationship with Lepu Medical Group, thereby generating synergy potential and mutual economic benefits between the Group and Lepu Medical Group; and

(iii) the continuation of the sales of medical devices will provide a stable source of income for the Group.

Term

The term of the Sales of Medical Devices Framework Agreement commenced from August 31, 2022 to December 31, 2024, subject to renewal for additional three years upon parties' mutual agreement and the Listing Rules.

The term of the Renewed Sales of Medical Devices Framework Agreement commenced from January 1, 2025 to December 31, 2027. The Renewed Sales of Medical Devices Framework Agreement is also subject to renewal for additional three years upon parties' mutual agreement and the Listing Rules.

Annual Caps and Actual Transaction Amount

The annual caps for the total amount payable by Lepu Medical Group to the Group under the Renewed Sales of Medical Devices Framework Agreement for each of the year ended December 31, 2025 and the two years ending December 31, 2026 and 2027, are RMB73,000,000, RMB80,000,000 and RMB88,000,000, respectively. The actual transaction amount under the Renewed Sales of Medical Devices Framework Agreement during the year ended December 31, 2025 was approximately RMB61 million.

Pricing Policy

The prices of the medical devices purchased by Lepu Medical Group under the Sales of Medical Devices Framework Agreement and the Renewed Sales of Medical Devices Framework Agreement shall be determined with reference to the quantity of orders, the brand of products (e.g. self-branded products or OEM products) and the prevailing market prices of comparable medical devices from at least two independent third parties. The prices and other terms of the Group's sales of medical devices to Lepu Medical Group shall be no less favourable to the Group than those offered to other independent third-party purchasers by the Group at the relevant time.

Provision of Medical Products Processing Services

On July 5, 2022 (after trading hours), the Company entered into the Medical Products Processing Services Framework Agreement with Lepu Medical, pursuant to which the Group agreed to provide processing services to Lepu Medical Group.

As the Medical Products Processing Services Framework Agreement had expired on December 31, 2024, on October 18, 2024 (after trading hours), the Company entered into the Renewed Medical Products Processing Services Framework Agreement with Lepu Medical to renew the Medical Products Processing Services Framework Agreement.

The Company considers that the Medical Products Processing Services Framework Agreement and the Renewed Medical Products Processing Services Framework Agreement beneficial to the Company's business development because they allow the Group to maintain a strong strategic and business relationship with Lepu Medical Group, thereby generating synergy potential and mutual economic benefits between the Group and Lepu Medical Group. Provision of processing service to Lepu Medical Group will also provide a stable source of income for the Group.

Term

The term of the Medical Products Processing Services Framework Agreement commenced from July 5, 2022 to December 31, 2024, subject to renewal for additional three years upon parties' mutual agreement and the Listing Rules.

The term of the Renewed Medical Products Processing Services Framework Agreement commenced from January 1, 2025 to December 31, 2027, subject to renewal for additional three years upon parties' mutual agreement and the Listing Rules.

Annual Caps and Actual Transaction Amount

The annual caps for the total amount payable by Lepu Medical Group to the Group under the Renewed Medical Products Services Framework Agreement for each of the year ended December 31, 2025 and the two years ending December 31, 2026 and 2027, are RMB3,500,000, RMB4,000,000 and RMB4,000,000, respectively. The actual transaction amount under the Renewed Medical Products Services Framework Agreement for the year ended December 31, 2025 was approximately RMB2.76 million.

Pricing Policy

The prices of the processing service provided by the Group under the Medical Products Processing Services Framework Agreement and the Renewed Medical Products Processing Services Framework Agreement are calculated on a "per unit" basis and are determined on a cost plus basis. The Group estimated the cost primarily comprising (i) the labour costs; (ii) the number of work orders; and (iii) the rental and overhead of the requested work space in the relevant workshops and plants. After arriving at an estimated cost, the Group added a mark-up with reference to the then prevailing mark-ups charged by other independent market participants for comparable processing services. Where it is impracticable to refer to the prices offered by independent third parties for comparable services, the Group shall take into consideration the specifications of the services, cost structure, profit margin, transaction amount and market condition. The prices and other terms of the Group's provision of processing service to the Lepu Medical Group shall be no less favourable to the Group than those offered to other independent third-party purchasers by the Group at the relevant time.

Purchase of Medical Devices Molds and Components

On December 14, 2022 (after trading hours), the Company entered into the Purchase of Medical Devices Molds and Components Framework Agreement with Lepu Medical, pursuant to which the Group agreed to purchase medical devices molds and components from Lepu Medical Group, including but not limited to molds of shell, end cover, end cap, support ring, tie-in ring, sealing ring, pipe clamp and connector, injection molded parts or other components of blood purification products. As the Purchase of Medical Devices Molds and Components Framework Agreement has expired on December 31, 2023, on January 1, 2024, the Company has entered into the Renewed Purchase of Medical Devices Molds and Components Framework Agreement to renew the Purchase of Medical Devices Molds and Components Framework Agreement.

As the Renewed Purchase of Medical Devices Molds and Components Framework Agreement has expired on December 31, 2024, on October 18, 2024 (after trading hours), the Company has entered into the Second Renewed Purchase of Medical Devices Molds and Components Framework Agreement with Lepu Medical to renew the Renewed Purchase of Medical Devices Molds and Components Framework Agreement.

The Company considers that the Renewed Purchase of Medical Devices Molds and Components Framework Agreement and the Second Renewed Purchase of Medical Devices Molds and Components Framework Agreement beneficial to the Company's business development for the following reasons:

(i) the Group is expanding its business of sales of blood purification products and regenerative medical biomaterial products and the Group requires the relevant molds and components and medical biomaterial of these products for its production;

(ii) Lepu Medical Group can provide competitive prices or terms of those molds and components and medical biomaterial compared with other independent third-party suppliers, without compromising the Group's ability to continue its existing purchase from independent third-party suppliers; and

(iii) they allow the Group to maintain a strong strategic and business relationship with Lepu Medical Group, thereby generating synergy potential and mutual economic benefits between the Group and Lepu Medical Group.

Term

The term of the Renewed Purchase of Medical Devices Molds and Components Framework Agreement commenced from January 1, 2024 to December 31, 2024, subject to renewal upon parties' mutual agreement and the Listing Rules.

The term of the Second Renewed Purchase of Medical Devices Molds and Components Framework Agreement commenced from January 1, 2025 to December 31, 2027, subject to renewal upon parties' mutual agreement and the Listing Rules.

Annual Caps and Actual Transaction Amount

The annual caps for the total amount payable by Group to the Lepu Medical Group under the Second Renewed Purchase of Medical Devices Molds and Components Framework Agreement for each of the year ended December 31, 2025 and the two years ending December 31, 2026 and 2027, are RMB5,000,000, RMB5,200,000 and RMB9,200,000, respectively. The actual transaction amount under the Second Renewed Purchase of Medical Devices Molds and Components Framework Agreement for the year ended December 31, 2025 was approximately RMB3.53 million.

Pricing Policy

The prices of the medical devices molds and components purchased by the Group under the Renewed Purchase of Medical Devices Molds and Components Framework Agreement and the Second Renewed Purchase of Medical Devices Molds and Components Framework Agreement shall be determined with reference to the quantity of orders, the type and quality of products and the prevailing market prices of comparable medical devices molds and components from at least two independent third parties. The prices and other terms of the Group's purchase of medical devices molds and components from Lepu Medical Group shall be no less favourable to the Group than those offered by other independent third party suppliers at the relevant time.

Listing Rules Implications

Although Dr. PU did not control more than 30% shareholding of Lepu Medical and was not able to control the majority of the composition of the board of Lepu Medical, the Company considers Lepu Medical as an associate of Ms. Yue'e ZHANG, the executive Director, because Dr. PU is deemed as the actual controller (實際控制人) of Lepu Medical by the Shenzhen Stock Exchange. Therefore, the Company considers that Lepu Medical is a connected person of the Company. Accordingly, the transactions contemplated under the Purchase of Medical Devices Molds and Components Framework Agreement constitute a continuing connected transaction of the Company.

As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the maximum annual cap for the continuing connected transactions contemplated under each of the Sales of Medical Devices Framework Agreement and the Renewed Sales of Medical Devices Framework Agreement exceed 5%, each of the Sales of Medical Devices Framework Agreement, the Renewed Sales of Medical Devices Framework Agreement and the transactions contemplated thereunder (including the annual caps) are subject to annual review, reporting, announcement, circular (including independent financial advice) and approval by the Independent Shareholders at the extraordinary general meeting of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the maximum annual cap for the continuing connected transactions contemplated under each of the Medical Products Processing Services Framework Agreement, the Renewed Medical Products Processing Services Framework Agreement, the Renewed Purchase of Medical Devices Molds and Components Framework Agreement and the Second Renewed Purchase of Medical Devices Molds and Components Framework agreement exceed 0.1% but all less than 5%, each of the Medical Products Processing Services Framework Agreement, the Renewed Medical Products Processing Services Framework Agreement, the Renewed Purchase of Medical Devices Molds and Components Framework Agreement and the Second Renewed Purchase of Medical Devices Molds and Components Framework agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement set out in Chapter 14A of the Listing Rules.

For further details, please refer to the announcements of the Company dated January 2, 2024 and October 18, 2024, and the circular of the Company dated November 20, 2024. The continuing connected transactions did not exceed the approved annual cap.

Annual review of the continuing connected transactions

All independent non-executive Directors have reviewed the continuing connected transaction and confirmed that this transaction was entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) in accordance with the relevant agreement governing it and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's 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 their unqualified letter containing the auditor's findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Main Board Listing Rule 14A.56.

Save as disclosed above, during the year ended December 31, 2025, the Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended December 31, 2025 are set out in Note 34 to the consolidated financial statements contained herein.

Save as disclosed in the paragraph headed "Continuing Connected Transactions" in this annual report, the related party transactions disclosed in Note 34 were not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

PROGRESS OF THE PROPOSED LISTING OF SICHUAN RUIJIAN MEDICAL ON BEIJING STOCK EXCHANGE

On March 11, 2026, Sichuan Ruijian Medical, based on a prudent analysis of key factors such as its own business development direction and the current market environment, after careful research, full reasoning and in-depth communication with the sponsor, Sichuan Ruijian Medical has decided to adjust its capital markets strategic plan and intends to voluntarily terminate the application for the listing on the Beijing Stock Exchange through the issuance of new A shares. The voluntary termination of the listing on the Beijing Stock Exchange through the issuance of new A shares has been approved by the shareholders' meeting of Sichuan Ruijian Medical and the Beijing Stock Exchange.

For further details, please refer to the announcements of the Company dated May 20, 2024, July 2, 2024, October 2, 2024, December 5, 2024, December 9, 2024, March 25, 2025, June 20, 2025, September 30, 2025, December 30, 2025 and March 12, 2026, the circular of the Company dated January 21, 2025, the poll results announcement of the Company dated February 13, 2025, and the overseas regulatory announcement of the Company dated April 30, 2025.

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 securities.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period and up to the date of this annual report.

AUDIT COMMITTEE

The Audit Committee had, together with the management of the Company, reviewed the consolidated financial statements of the Group for the year ended December 31, 2025 and the accounting principles and policies adopted by the Group.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2025 were audited by BDO Limited.

BDO Limited has been re-appointed as the auditor of the Company since the AGM held on June 10, 2025.

COMPLIANCE WITH LAWS AND REGULATIONS

For the year ended December 31, 2025, the Company is in compliance with the relevant laws and regulations that have a significant impact on the Company.

On behalf of the Board
Yue'e ZHANG
Chairman

Hong Kong, March 27, 2026

Independent Auditor's Report

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TO THE SHAREHOLDERS OF PW MEDTECH GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of PW Medtech Group Limited (the "Company") and its subsidiaries (together the "Group") set out on page 116 to 188, which comprise the consolidated statement of financial position as at 31 December 2025, and 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") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of non-financial assets

As at 31 December 2025, the carrying amounts of property, plant and equipment, intangible assets, goodwill and right-of-use assets, approximately RMB905,004,000, RMB1,018,395,000, RMB564,085,000 and RMB30,498,000 respectively, were allocated to their corresponding cash-generating units ("CGUs").

We identified the impairment assessment of non-financial assets as a key audit matter because of its significance to the consolidated financial statements and because estimation of the value-in-use calculation of respective CGUs involved significant management judgements and estimates with respect to its underlying cash flow forecasts, discount rates and future growth rates being used and the estimation of fair value less cost of disposal.

As required by accounting standards, management assesses respective CGUs containing goodwill for impairment on an annual basis. The determination of recoverable amount, being the higher of value-in-use and fair value less costs of disposal, requires judgement of management. Recoverable amounts are based on management's estimation of short term and long term revenue growth rate forecast, and profit margin forecast and discount rate used in the cash-flow forecast. As detailed in note 18 to the consolidated financial statements, no impairment loss has been made on respective CGUs.

The accounting policy, significant accounting judgements and estimates, key assumptions used in the impairment model and disclosures are included in note 4.8, 5(b) and 18 to the consolidated financial statements.

Our response:

Our procedures in relation to management's impairment assessment of non-financial assets included:

- Testing the mathematical accuracy of cash-flow forecasts of respective CGUs;
- Challenging the reasonableness of key assumptions adopted in the valuation, such as the discount rate, based on our knowledge of the business and industry and available market data;
- Conducting in-depth discussions with the management about the cash flow projections used in the value-in-use calculation and assessing the appropriateness of the significant assumptions and critical judgement areas which affect the value-in-use calculation;
- Involving our internal valuation specialists to assist us in evaluating the methodologies and key parameters used by the Group and external experts;
- Performing sensitivity analysis on the key drivers of the cash flow forecast, including profit margin, long term growth rate and discount rate; and
- Reconciling input data used in the Group's future cash flow projection of each CGU to supporting evidence, such as approved financial budgets and considering the reasonableness of these projections.

Fair value measurement of investment properties

As at 31 December 2025, the fair value of investment properties was approximately RMB261,060,000 with a fair value loss of approximately RMB1,820,000 recognised in profit or loss for the year. The fair value of the investment properties was arrived on the basis of the valuation carried out by an independent valuation firm.

We have identified the fair value measurement of investment properties as a key audit matter because of its significant to the consolidated financial statements and the valuation of the Group's investment properties are dependent on valuation model used by management, certain key assumptions and estimations that require significance management judgement.

The accounting policy, significant accounting judgements and estimates and details of the valuation technique and significant unobservable inputs used in valuation are included in notes 4.7, 5(a) and 16 to the consolidated financial statements.

Our response:

Our procedures in relation to management's fair value measurement of investment properties included:

- Evaluating the competence, capabilities, and objectivity of the valuer and obtaining an understanding of the valuer's scope of work and their terms of engagement;
- Conducting in-depth discussions with management about the cash flow projections used in the income approach calculation and assessing the appropriateness of the significant assumptions and critical judgement areas which affect the income approach calculation;
- Involving our internal valuation specialists to assist us in evaluating the assumptions and methodologies used by the Group and external experts; and
- Assessing the valuation methodology.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, 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.

BDO Limited
Certified Public Accountants

Fong Wai Yee Wendy
Practising Certificate Number: P06821

Hong Kong, 27 March 2026

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	6(b)	**823,505**	768,903
Cost of sales		**(416,046)**	(349,455)
Gross profit		**407,459**	419,448
Other gains, net	7	**28,650**	46,212
Reversal of impairment losses on trade receivables, net	39(b)	**6,498**	2,672
Impairment losses recognised on amount due from a related party	39(b)	**(1,220)**	—
Fair value loss on investment properties	16	**(1,820)**	(1,182)
Selling and marketing expenses		**(96,654)**	(84,082)
General and administrative expenses		**(172,208)**	(159,467)
Research and development expenses		**(48,405)**	(44,120)
Operating profit		**122,300**	179,481
Finance income, net	8	**42,694**	50,272
Profit before income tax	9	**164,994**	229,753
Income tax expense	11	**(29,741)**	(37,231)
Profit for the year		**135,253**	192,522
Other comprehensive income/(expense)			
Items that will not be subsequently reclassified to profit or loss			
Currency translation differences		**(1,848)**	(2,748)
Change in fair value of financial assets at fair value through other comprehensive income		**23,371**	(15,403)
Other comprehensive income/(expense) for the year		**21,523**	(18,151)
Total comprehensive income for the year		**156,776**	174,371

	Note	2025 RMB'000	2024 RMB'000
Profit for the year attributable to:			
Owners of the Company		**94,374**	150,780
Non-controlling interests		**40,879**	41,742
		135,253	192,522
Total comprehensive income for the year attributable to:			
Owners of the Company		**115,897**	132,629
Non-controlling interests		**40,879**	41,742
		156,776	174,371
Earnings per share attributable to owners of the Company for the year:		**RMB cents**	RMB cents
Basic earnings per share	13	**6.25**	9.77
Diluted earnings per share	13	**6.25**	9.77

Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**905,004**	891,691
Right-of-use assets	15	**30,498**	30,330
Investment properties	16	**261,060**	262,880
Intangible assets	17	**1,018,395**	1,068,300
Goodwill	18	**564,085**	564,085
Deferred tax assets	19	**9,817**	10,128
Long-term prepayments		**14,521**	12,732
Non-current financial assets	20	**70,688**	46,544
Loan receivables	21	**—**	180,000
		2,874,068	3,066,690
Current assets			
Inventories	22	**145,201**	120,282
Trade and other receivables	23	**168,144**	166,825
Loan receivables, net of provision	21	**240,000**	120,000
Cash and cash equivalents	35(a)	**1,802,841**	1,681,984
Financial assets at fair value through profit or loss	24	**5,000**	5,148
		2,361,186	2,094,239
Total assets		**5,235,254**	5,160,929
Current liabilities			
Trade and other payables	25	**154,969**	138,944
Lease liabilities	15	**2,247**	1,697
Bank borrowings	27	**15,000**	—
Contract liabilities	26	**30,037**	19,761
Tax payables		**14,543**	17,038
		216,796	177,440
Net current assets		**2,144,390**	1,916,799
Non-current liabilities			
Lease liabilities	15	**4,754**	4,577
Bank borrowings	27	**—**	5,800
Deferred tax liabilities	19	**139,108**	148,435
Deferred government grants	28	**20,863**	21,309
		164,725	180,121
NET ASSETS		**4,853,733**	4,803,368

	Notes	2025 RMB'000	2024 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	29	**897**	939
Share premium	29	**1,392,707**	1,456,478
Treasury shares	29	**(2,746)**	(46,800)
Retained earnings		**2,141,167**	2,177,147
Reserves	30	**418,450**	383,637
		3,950,475	3,971,401
Non-controlling interests	31	**903,258**	831,967
TOTAL EQUITY		**4,853,733**	4,803,368

The financial statements on pages 116 to 188 were approved by the Board of Directors on 27 March 2026 and were signed on its behalf by:

Yue'e Zhang
DIRECTOR

LIN Junshan
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Share capital (note 29) RMB'000	Share premium (note 29) RMB'000	Treasury shares (note 29) RMB'000	Other reserves (note 30) RMB'000	Retained earnings RMB'000	Attributable to owners at the Company RMB'000	Non-controlling interests (note 31) RMB'000	Total equity RMB'000
Balance as at 1 January 2024	962	1,489,876	–	392,770	2,160,733	4,044,341	780,644	4,824,985
Comprehensive income								
Profit for the year	–	–	–	–	150,780	150,780	41,742	192,522
Other comprehensive expense								
Currency translation differences	–	–	–	(2,748)	–	(2,748)	–	(2,748)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	(15,403)	–	(15,403)	–	(15,403)
Total comprehensive income for the year	–	–	–	(18,151)	150,780	132,629	41,742	174,371
Share-based payment by a non-wholly owned subsidiary	–	–	–	9,018	–	9,018	9,581	18,599
Buy-back shares	–	–	(80,221)	–	–	(80,221)	–	(80,221)
Cancellation of shares	(23)	(33,398)	33,421	–	–	–	–	–
2023 dividend paid (note 12)	–	–	–	–	(71,661)	(71,661)	–	(71,661)
2024 interim dividend paid (note 12)	–	–	–	–	(62,705)	(62,705)	–	(62,705)
Total transaction with owners	(23)	(33,398)	(46,800)	9,018	(134,366)	(205,569)	9,581	(195,988)
At 31 December 2024	**939**	**1,456,478**	**(46,800)**	**383,637**	**2,177,147**	**3,971,401**	**831,967**	**4,803,368**
Comprehensive income								
Profit for the year	–	–	–	–	94,374	94,374	40,879	135,253
Other comprehensive income/(expense)								
Currency translation differences	–	–	–	(1,848)	–	(1,848)	–	(1,848)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	23,371	–	23,371	–	23,371
Total comprehensive income for the year	–	–	–	21,523	94,374	115,897	40,879	156,776
Proceeds from capital contribution to a subsidiary by non-controlling interests	–	–	–	606	–	606	16,644	17,250
Share-based payment by a non-wholly owned subsidiary	–	–	–	12,684	–	12,684	13,768	26,452
Buy-back shares	–	–	(19,759)	–	–	(19,759)	–	(19,759)
Cancellation of shares	(42)	(63,771)	63,813	–	–	–	–	–
2024 dividend paid (note 12)	–	–	–	–	(71,859)	(71,859)	–	(71,859)
2025 interim dividend paid (note 12)	–	–	–	–	(58,495)	(58,495)	–	(58,495)
Total transaction with owners	(42)	(63,771)	44,054	13,290	(130,354)	(136,823)	30,412	(106,411)
At 31 December 2025	**897**	**1,392,707**	**(2,746)**	**418,450**	**2,141,167**	**3,950,475**	**903,258**	**4,853,733**

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Profit before income tax		**164,994**	229,753
Adjustments for:			
Depreciation of property, plant and equipment	14	**72,254**	71,024
Depreciation of right-of-use assets	15	**2,691**	2,452
Amortisation of intangible assets	17	**64,913**	44,270
Loss on disposal of property, plant and equipment, net	7	**72**	107
Gain on early termination of a lease		**(1)**	—
Fair value loss on investment properties	16	**1,820**	1,182
Loss on guarantee liability	7	**734**	734
Interest expense	8	**720**	374
Interest income	8	**(43,414)**	(50,646)
Unrealised exchange gains		**(846)**	(7,928)
Write-off of other receivables	9	**—**	260
Write-off of inventories	9	**2,920**	—
Net gain on sales of inventory scrap	7	**(283)**	—
(Reversal of)/provision for impairment loss of inventories	9	**(505)**	1,087
Share based payments	33	**26,452**	18,599
Reversal of impairment losses recognised in respect of trade receivables, net	39(b)	**(6,498)**	(2,672)
Impairment losses recognised in respect of amount due from a related party	39(b)	**1,220**	—
Dividend income on financial assets through profit or loss	7	**(1,087)**	—
Fair value change of financial assets through profit or loss	7	**(5,946)**	(372)
Operating cash flows before movements in working capital		**280,210**	308,224
(Increase)/decrease in inventories		**(27,334)**	15,236
Decrease/(increase) in trade and other receivables		**16,248**	(1,590)
(Increase)/decrease in amount due from a related party		**(12,776)**	15,536
Increase in trade and other payables		**15,778**	7,401
Increase in contract liabilities		**10,276**	11,995
Decrease in deferred government grants		**(446)**	(1,411)
Cash generated from operations		**281,956**	355,391
Income taxes paid		**(41,252)**	(36,965)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**240,704**	318,426
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(16,550)**	(10,196)
Purchases of intangible assets		**(15,008)**	(15,583)
Payments for development costs of construction in progress		**(71,706)**	(46,303)
Payments for deposit of property, plant and equipment		**(1,789)**	—
Interest received		**43,414**	50,646
Proceeds from disposal of property, plant and equipment		**2,617**	549
Proceeds from disposal of investment property		**—**	816
Proceeds from disposal of inventory scrap		**283**	—
Proceeds from disposal of financial assets at fair value through profit or loss		**274,863**	672,750
Purchases for acquisition of financial assets at fair value through profit or loss		**(270,498)**	(672,998)
Proceeds from dividend received from financial assets		**1,087**	—
Proceeds from loan receivables		**60,000**	—
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**6,713**	(20,319)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
FINANCING ACTIVITIES			
Repayment for lease liabilities	35(b)	**(2,131)**	(1,503)
Payment for repurchase of shares	29	**(19,759)**	(80,221)
Proceeds from new bank borrowings		**9,200**	5,800
Proceeds from capital contribution to a subsidiary by non-controlling interests		**17,250**	—
Dividend paid		**(130,354)**	(134,366)
Interest paid	35(b)	**(720)**	(374)
NET CASH USED IN FINANCING ACTIVITIES		**(126,514)**	(210,664)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**120,903**	87,443
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(46)**	4,885
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,681,984**	1,589,656
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Represented by bank balances and cash		**1,802,841**	1,681,984

1. GENERAL

PW Medtech Group Limited (the "Company") was incorporated in the Cayman Islands on 13 May 2011 as an exempted company with limited liability under the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 8 November 2013.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in the R&D, manufacturing and sale of advanced infusion set, intravenous cannula products, insulin needles etc. (the "Infusion Set Business"), hemodialysis and blood purification medical devices (the "Blood Purification Business") and animal-derived regenerative medical biomaterials and human tissue repair alternative products (the "Regenerative Medical Biomaterial Business") in the People's Republic of China (the "PRC").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of amended HKFRS Accounting Standards — effective 1 January 2025

Amendments to HKAS 21	Lack of Exchangeability

None of these amended HKFRS Accounting Standards has a material impact on the Company's results and financial position for the current or prior period. The Company has not early applied any new or amended HKFRS Accounting Standards that is not yet effective for the current accounting period.

(b) Potential impact arising on HKFRS Accounting Standards not yet effective

The following new and amended HKFRS Accounting Standards, potentially relevant to the Company's financial statements, have been issued but are not yet effective and have not been early adopted by the Company. The Company's current intention is to apply these changes on the date they become effective.

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

[1] No mandatory effective date yet determined but available for adoption.
[2] Effective for annual periods beginning on or after 1 January 2026.
[3] Effective for annual periods beginning on or after 1 January 2027.

Except as described below, the adoption of these new and amended standards is not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

(b) Potential impact arising on HKFRS Accounting Standards not yet effective (Continued)

HKFRS 18, Presentation and Disclosure in Financial Statements

HKFRS 18 will replace HKAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS Accounting Standards") issued by the Hong Kong Institute of Certified Public Accountant ("HKICPA"). In addition, the consolidated financial statement include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited including the disclosure provisions of the Hong Kong Companies Ordinance.

3.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for investment properties and certain financial instruments, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

3.3 Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

4. ACCOUNTING POLICIES

4.1 Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

4.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

4.4 Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of debt securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security.

Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

4. ACCOUNTING POLICIES (Continued)

4.4 Foreign currency translation (Continued)

(ii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

(2) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(3) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4.5 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less depreciation and provision for impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

— Buildings and facilities	10–48 years
— Leasehold improvements	Shorter of remaining lease term or useful lives
— Furniture, fittings and office equipment	3–10 years
— Machinery and equipment	5–10 years
— Motor vehicles	5 years

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate classes of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

4. ACCOUNTING POLICIES (Continued)

4.5 Property, plant and equipment (Continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other losses-net" in the consolidated statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

4.6 Intangible assets

(i) Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree over the fair value of the identifiable assets and liabilities measured as at the acquisition date.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or Groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposals. Any impairment is recognised immediately as an expense and is not subsequently reversed (see note 18), and whenever there is an indication that the unit may be impaired.

(ii) Customer relationship

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date.

(iii) Trademarks and technology know-how and patents

Separately acquired trademarks and technology know-how and patents at historical cost. Trademarks and technology know-how and patents acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and technology know-how and patents have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

4. ACCOUNTING POLICIES (Continued)

4.6 Intangible assets (Continued)

(iv) Internally generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure on internally developed products is capitalised and deferred only if it can be demonstrated that

- it is technically feasible to develop the assets so that it will be availiable for use or sale
- adequate resources are available to complete the development
- there is an intention to complete the projects and use or sell the assets
- the Group is able to sell the products
- sale of the products will generate future economic benefits, and
- expenditure on the projects can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the cost of sales line or administrative expenses in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

(v) Amortisation methods and periods

The amortisation expense is recognised in profit or loss and included in selling and administrative expenses The useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period. Amortisation is provided on a straight-line basis over their useful lives as follows:

— Customer relationship	6 years
— Trademarks and technology know-how and patents	15–20 years
— Computer software	5 years

(vi) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(vii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(viii) Impairment of intangible assets

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see note 17).

4. ACCOUNTING POLICIES (Continued)

4.6 Intangible assets (Continued)

(viii) Impairment of intangible assets (Continued)

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

4.7 Investment properties

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property, calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the period in which the property is derecognised.

4.8 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- investment in subsidiary;
- goodwill and other intangible assets; and
- right-of-use assets

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS Accounting Standards, in which case the impairment loss is treated as a revaluation decrease under that HKFRS Accounting Standards.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount under another HKFRS Accounting Standards, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS Accounting Standards.

Value in use is based on the estimated future cash flows expected to be derived from CGU (see note 4.6(i)), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

4. ACCOUNTING POLICIES (Continued)

4.9 Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are one measurement category into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income ("FVTOCI") are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECLs") on trade receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVTOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4. ACCOUNTING POLICIES (Continued)

4.9 Financial Instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment.

For other financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition.

In making the reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 3 years past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

4. ACCOUNTING POLICIES (Continued)

4.9 Financial Instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables and lease liabilities are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. ACCOUNTING POLICIES (Continued)

4.9 Financial Instruments (Continued)

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). The cost excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

4.11 Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

4. ACCOUNTING POLICIES (Continued)

4.11 Income taxes (Continued)

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

4.12 Employee benefits

(i) Pension obligations

The full-time employees of the Group in the PRC are covered by various government-sponsored defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expenses as incurred and contributions paid to the defined-contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined contribution pension plans even if the staff leaves the Group.

4. ACCOUNTING POLICIES (Continued)

4.12 Employee benefits (Continued)

(ii) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Share-based payment

When shares of a subsidiary of the Company are awarded by its non-controlling shareholder (grantor) to employees, the fair value of the services received by the subsidiary is measured by reference to the fair value of the shares granted less the consideration paid by the subsidiary's employees to the grantor. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the capital reserve in the Group's consolidated financial statements.

4.13 Provisions and contingent liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the Group's consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

4. ACCOUNTING POLICIES (Continued)

4.14 Revenue recognition

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, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred at a point in time.

Revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer 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 amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

Sale of advanced infusion set products

Sale of infusion set products are recognised when the customer takes possession of and accepts the products. This is usually taken as the time when the goods are delivered and the customer has accepted the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. There is generally only one performance obligation. Invoices are issued when the customer takes possession of and accepts the products and are usually payable within 180 days from the date of billing. No significant financial component existed. The transaction price is determined based on a stand-alone selling price specified in the contracts for infusion set products.

Sale of medical device for blood purification

Sale of medical device for blood purification are recognised when the customer takes possession of and accepts the products. This is usually taken as the time when the goods are delivered and the customer has accepted the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. There is generally only one performance obligation. Invoices are issued when the customer takes possession of and accepts the products and are usually payable within 120 days from the date of billing. No significant financial component existed. The transaction price is determined based on a stand-alone selling price specified in the contracts for advanced medical device for blood purification.

Sale of animal-derived tissue regenerative medical biomaterials and human tissue repair alternative product

Sale of animal-derived tissue regenerative medical biomaterials and human tissue repair alternative product are recognised when the customer takes possession of and accepts the products. This is usually taken as the time when the goods are delivered and the customer has accepted the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. There is generally only one performance obligation. No significant financial component existed. The transaction price is determined based on a stand-alone selling price specified in the contracts for animal-derived tissue regenerative medical biomaterials and human tissue repair alternative product.

Rental income

Rental income under operating leases is recognised by the Group as the lessor on a straight-line basis over the term of the relevant lease.

4. ACCOUNTING POLICIES (Continued)

4.14 Revenue recognition (Continued)

Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

4.15 Leases

(i) As a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise:

(i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);
(ii) any lease payments made at or before the commencement date, less any lease incentives received;
(iii) any initial direct costs incurred by the lessee; and
(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property (see note 4.7), they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use (see note 4.5), they are carried at revalued amount.

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under HKAS 40 and are carried at fair value. The Group accounts for leasehold land and buildings which is held for own use under HKAS 16 and are carried at revalued amount. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

4. ACCOUNTING POLICIES (Continued)

4.15 Leases (Continued)

(i) As a lessee (Continued)

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

a. fixed lease payments less any lease incentives receivable;
b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
c. amounts expected to be payable by the lessee under residual value guarantees;
d. exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
e. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;
(ii) reducing the carrying amount to reflect the lease payments made; and
(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

(ii) As a lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

4.16 Related parties

(i) A person or a close member of that person's family is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of key management personnel of the Group or the Company's parent.

4. ACCOUNTING POLICIES (Continued)

4.16 Related parties (Continued)

(ii) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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 the employees of 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 key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a party, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(a) Investment properties

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of investment properties. Note 16 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties. The fair value of investment properties as at 31 December 2025 was RMB261,060,000 (2024: RMB262,880,000).

(b) Impairment of goodwill, other intangible assets and property, plant and equipment

Goodwill, other intangible assets, property, plant and equipment are tested for impairment when indicators exist. Further, irrespective of whether there is any indication of impairment, goodwill are required to be tested annually for impairment. For the purpose of impairment testing, goodwill has been allocated to the CGU operating in the infusion set business.

Determining whether goodwill and other assets allocated to CGU is impaired requires an estimation of the value in use. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Further information on the impairment assessment on the CGU are provided in note 18.

(c) Fair value of measurement

A number of asset and liabilities included in the Group's financial statements require measurement at, and disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures and disclose financial assets at fair value through profit or loss/other comprehensive income (note 36(b)) at fair value.

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

(d) Impairment of trade receivable and amount due from a related party

The loss allowance for trade receivable and amount due from a related party are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 39(b).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(d) Impairment of trade receivable and amount due from a related party (Continued)

For the year ended 31 December 2025, the Group recorded a reversal of expected credit loss allowance of RMB6,498,000 on trade receivables and a provision of expected credit loss allowance of RMB1,220,000 on amounts due from a related party. This reflects an improvement in the credit quality of its trade receivables, resulting from a decrease in the risk of default for three credit-impaired customers. The management has incorporated their judgements on deciding forward-looking factors in the calculation of expected credit losses. Management's judgements regarding expected credit losses are based on the facts available to management currently.

6. REVENUE AND SEGMENT INFORMATION

(a) Business segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used for making strategic decisions. The chief operating decision maker is identified as the executive director of the Company. The chief operating decision maker regularly monitor and receive reports relating to the performance of the three lines of business the Group operates during the year. In this regard, management has identified three reportable operating segments, namely (1) Infusion Set Business, (2) Blood Purification Business and (3) Regenerative Medical Biomaterials Business.

The major business activities for the three segments are summarised as follows:

- the "Infusion Set Business" segment represents the R&D, manufacturing and sales of advanced infusion set, intravenous cannula products, insulin needles, etc;
- the "Blood Purification Business" segment represents the R&D, manufacturing and sales of hemodialysis and blood purification medical devices; and
- the "Regenerative Medical Biomaterials Business" segment represents the R&D, manufacturing and sales of animal-derived tissue regenerative medical biomaterials and human tissue repair alternative product.

Inter-segment sales were conducted at prices no less than cost and with terms mutually agreed among those business segments. Operating expenses of a functional unit are allocated to the relevant segment which is the predominant user of the services provided by the unit. Operating expenses of other shared services which cannot be allocated to a specific segment and corporate expenses are included as unallocated costs.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, inventories, trade and other receivables, loan receivables, amount due from a related party, financial assets at fair value through profit or loss and cash and cash equivalents. Unallocated assets comprise items such as some of cash and cash equivalents, deferred income tax assets and other unallocated assets.

Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment (note 14), right-of-use assets (note 15), intangible assets (note 17) and other non-current assets.

6. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

(i) For the year ended 31 December 2025:

The segment results for the year ended 31 December 2025 are as follows:

	Infusion Set RMB'000	Blood Purification RMB'000	Regenerative Medical Biomaterials RMB'000	Consolidated RMB'000
Segment revenue from external customers	207,643	611,792	4,070	823,505
Segment results (Operating profit/(loss))	54,882	146,338	(56,963)	144,257
Fair value loss on investment properties				(1,820)
Finance income				43,414
Finance cost				(720)
Unallocated loss				(20,137)
Profit before taxation				164,994
Income tax expense				(29,741)
Profit for the year				135,253
Other segment items				
Depreciation of property, plant and equipment				
— Operating segments	29,899	41,644	710	72,253
— Amount unallocated				1
				72,254
Depreciation of right-of-used assets	407	1,506	778	2,691
Amortisation of intangible assets	3,230	19,424	42,259	64,913
Reversal of impairment losses recognised in respect of trade receivables, net	(6,255)	(243)	—	(6,498)
Impairment losses recognised on amount due from a related party	—	1,220	—	1,220

6. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

(i) For the year ended 31 December 2025: (Continued)

The segment assets and liabilities as at 31 December 2025 are as follows:

	Infusion Set RMB'000	Blood Purification RMB'000	Regenerative Medical Biomaterials RMB'000	Consolidated RMB'000
Assets				
Segment assets	1,440,417	1,649,359	945,343	4,035,119
Deferred tax assets				9,817
Non-current financial assets				70,688
Unallocated assets				1,119,630
Total assets				5,235,254
Liabilities				
Segment liabilities	112,873	89,956	18,092	220,921
Deferred tax liabilities				139,108
Tax payables				14,543
Unallocated liabilities				6,949
Total liabilities				381,521

6. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

(ii) For the year ended 31 December 2024:

The segment results for the year ended 31 December 2024 are as follows:

	Infusion Set RMB'000	Blood Purification RMB'000	Regenerative Medical Biomaterials RMB'000	Consolidated RMB'000
Segment revenue from external customers	286,646	482,257	—	768,903
Segment results (Operating profit/(loss))	90,767	129,412	(41,464)	178,715
Fair value loss on investment properties				(1,182)
Finance income				50,646
Finance cost				(374)
Unallocated profit				1,948
Profit before taxation				229,753
Income tax expense				(37,231)
Profit for the year				192,522
Other segment items				
Depreciation of property, plant and equipment				
— Operating segments	32,073	38,153	797	71,023
— Amount unallocated				1
				71,024
Depreciation of right-of-use assets	406	1,520	526	2,452
Amortisation of intangible assets	3,230	18,666	22,374	44,270
(Reversal of)/provision for impairment losses recognised in respect of trade receivables, net	(2,810)	138	—	(2,672)

6. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

(ii) For the year ended 31 December 2024: (Continued)

The segment assets and liabilities as at 31 December 2024 are as follows:

	Infusion Set RMB'000	Blood Purification RMB'000	Regenerative Medical Biomaterials RMB'000	Consolidated RMB'000
Assets				
Segment assets	1,382,612	1,477,849	977,330	3,837,791
Deferred tax assets				10,128
Non-current financial assets				46,544
Unallocated assets				1,266,466
Total assets				5,160,929
Liabilities				
Segment liabilities	109,971	68,801	9,548	188,320
Deferred tax liabilities				148,435
Tax payables				17,038
Unallocated liabilities				3,768
Total liabilities				357,561

Analysis of information by geographical regions:

The following table lists out the information about geographical regions. The geographical regions of the sales to external customers are based on the locations where the services are rendered or the places where the goods are delivered.

	2025 RMB'000	2024 RMB'000
Geographical markets		
China	**635,959**	643,933
India	**55,954**	39,673
Americas (excluding U.S.)	**26,448**	21,167
Africa	**29,268**	18,114
Other Asia Countries	**65,026**	36,167
Others	**10,850**	9,849
Total	**823,505**	768,903

The geographical location of customers is based on the location at which the goods are delivered. No geographical location of non-current assets is presented as the substantial non-current assets are physically based in the PRC.

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Disaggregation of revenue from contracts with customer

The Group derives revenue from the transfer of goods at a point in time in the following customers' segment for infusion set business, blood purification business and regenerative medical biomaterials business:

	Infusion Set RMB'000	Blood Purification RMB'000	Regenerative Medical Biomaterials RMB'000	Total RMB'000
Revenue from contracts with customers within the scope of HKFRS 15				
For the year ended 31 December 2025				
Revenue from hospitals	**18,171**	**7,461**	**—**	**25,632**
Revenue from medical products distributors	**189,472**	**604,331**	**4,070**	**797,873**
Total	**207,643**	**611,792**	**4,070**	**823,505**
For the year ended 31 December 2024				
Revenue from hospitals	33,080	4,348	—	37,428
Revenue from medical products distributors	253,566	477,909	—	731,475
Total	286,646	482,257	—	768,903
Timing of revenue recognition				
For the year ended 31 December 2025				
At a point in time	**207,643**	**611,792**	**4,070**	**823,505**
For the year ended 31 December 2024				
At a point in time	286,646	482,257	—	768,903

(c) Concentration of customers

There was no single customer that contributed to 10% or more of the Group's revenue for the years ended 31 December 2025 and 2024.

7. OTHER GAINS, NET

	2025 RMB'000	2024 RMB'000
Government grants	**5,079**	4,581
Rental income	**20,570**	17,819
Property management fee income	**3,830**	5,865
Loss on disposal of property, plant and equipment	**(72)**	(107)
Loss on guarantee liability (note (i))	**(734)**	(734)
Net foreign exchange (loss)/gain	**(6,879)**	7,499
Compensation income (note (ii))	**—**	10,230
Fair value change of financial assets through profit or loss	**5,946**	357
Dividend income on financial assets through profit or loss	**1,087**	—
Net gain on sales of inventory scrap	**283**	—
Others	**(460)**	702
Other gains, net	**28,650**	46,212

Notes:

(i) The guarantee liability mainly related to a joint guarantee liability of the Group's subsidiary, Xuzhou Yijia Medical Device Co., Ltd ("Xuzhou Yijia"). Based on the judgement from the Supreme People's Court of the PRC in 2018, Xuzhou Yijia is liable to the principal and accumulated interest for a defaulted loan granted by a bank, which Xuzhou Yijia had undertaken a joint guarantee with another independent guarantor.

After assessing the risk relating to the joint guarantee liability, the directors of the Company accrued a provision to guarantee liability which included the principal and accumulated interest of the above loan in 2018. The loss recognised during the year ended 31 December 2025 and 2024 represented the interest accrued for the period on the guarantee liability.

The Group made claims against the former owners of Xuzhou Yijia to claim such loss. Pursuant to the judgement from the Nanjing Jianye District People's Court of the PRC in 2023, the former owners of Xuzhou Yijia are liable to repay such loss to the Group. As of the date of approval of the consolidated financial statements, the former owners of Xuzhou Yijia have not repaid such loss.

(ii) On 20 May 2014, the Group entered into a sales and purchase agreement ("S&P Agreement") with independent third parties ("Prior Shareholders") to acquire 100% of Beijing Tianxinfu Medical Appliance Co., Ltd. ("Beijing Tianxinfu") which was subsequently disposed of to another third party in 2017. Under the S&P agreement, all historical debts and liabilities incurred before the acquisition closing date remained the responsibility of the prior shareholders. In December 2024, after negotiation, the Group signed a 'Settlement Agreement' with these prior shareholders to resolve certain outstanding historical debts and received approximately RMB 10.2 million in compensation which covered the loss suffered by the Group in prior years.

8. FINANCE INCOME, NET

	2025 RMB'000	2024 RMB'000
Finance income		
Bank Interest income	**27,171**	32,093
Interest income on wealth management product	**1,395**	2,668
Loan interest income	**14,848**	15,885
	43,414	50,646
Finance costs		
Interest on bank borrowings	**(454)**	(95)
Interest on lease liabilities	**(266)**	(279)
	(720)	(374)
Finance income, net	**42,694**	50,272

9. PROFIT BEFORE INCOME TAX

	2025 RMB'000	2024 RMB'000
Profit before taxation has been arrived at after charging/(crediting):		
Directors' emoluments (note 10)	**2,219**	2,217
Staff costs (excluding directors' emoluments):		
Wages, salaries and bonuses	**134,048**	118,353
Share-based payment (note 33)	**26,452**	18,599
Staff welfare	**7,675**	7,613
Social security costs	**20,396**	19,516
Housing fund	**3,891**	3,713
Total staff costs	**194,681**	170,011
Auditor's remuneration:		
— Audit services	**2,070**	2,040
— Other services	**2,020**	1,190
Write-off of other receivables	**—**	260
Write-off of inventories	**2,920**	—
(Reversal of)/provision for impairment loss of inventories	**(505)**	1,087
Reversal of impairment losses recognised in respect of trade receivables, net	**(6,498)**	(2,672)
Impairment losses recognised on amount due from a related party	**1,220**	—
Depreciation of property, plant and equipment (note 14)	**72,254**	71,024
Depreciation of right-of-use assets (note 15)		
— Properties	**2,092**	1,853
— Leasehold land and land use right	**599**	599
Amortisation of intangible assets (note 17)	**64,913**	44,270
Raw materials and consumable used	**280,698**	220,807
Research and development expenses	**63,413**	59,703
Less: amount capitalised in intangible assets	**(15,008)**	(15,583)
	48,405	44,120

10. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

The emoluments paid or payable to each of the six (2024: six) directors were as follows:

For the year ended 31 December 2025	Fees RMB'000	Basic salaries and allowances RMB'000	Retirement benefits scheme contributions RMB'000	Discretionary and retirement bonus RMB'000	Social security and housing fund RMB'000	Total RMB'000
Chief executive officer and officer and executive director						
— Ms. Yue'e ZHANG	—	1,070	—	—	—	1,070
Non-executive director						
— Mr. JIANG Liwei	300	—	—	—	—	300
— Mr. LIN Junshan	300	—	—	—	—	300
Independent non-executive directors						
— Mr. CHEN Geng	183	—	—	—	—	183
— Mr. WANG Xiaogang	183	—	—	—	—	183
— Ms. WANG Fengli	183	—	—	—	—	183
	1,149	1,070	—	—	—	2,219

For the year ended 31 December 2024	Fees RMB'000	Basic salaries and allowances RMB'000	Retirement benefits scheme contributions RMB'000	Discretionary and retirement bonus RMB'000	Social security and housing fund RMB'000	Total RMB'000
Chief executive officer and officer and executive director						
— Ms. Yue'e ZHANG	—	1,068	—	—	—	1,068
Non-executive director						
— Mr. JIANG Liwei	300	—	—	—	—	300
— Mr. LIN Junshan	300	—	—	—	—	300
Independent non-executive directors						
— Mr. CHEN Geng	183	—	—	—	—	183
— Mr. WANG Xiaogang	183	—	—	—	—	183
— Ms. WANG Fengli	183	—	—	—	—	183
	1,149	1,068	—	—	—	2,217

10. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS (Continued)

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

In addition, none of the directors had waived any emoluments during the current or prior year.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include nil (2024: nil) director whose emoluments are reflected in the analysis shown in above. The emoluments payable to these five (2024: five) individuals during the year are as follows:

	2025 RMB'000	2024 RMB'000
Basic salaries and allowances	**3,374**	3,505
Social security costs	**166**	110
Housing fund	**66**	41
Share-based payments	**7,490**	15,371
	11,096	19,027

The emoluments were within the following bands:

	2025 Number of individuals	2024 Number of individuals
HK$1,000,001 — HK$1,500,000	**1**	—
HK$1,500,001 — HK$2,000,000	**—**	1
HK$2,000,001 — HK$2,500,000	**2**	1
HK$2,500,001 — HK$3,000,000	**1**	—
HK$3,000,001 — HK$3,500,000	**1**	—
HK$5,000,001 — HK$5,500,000	**—**	1
HK$5,500,001 — HK$6,000,000	**—**	2

The emoluments paid or payable to a member(s) of senior management were within the following bands:

	2025 Number of individuals	2024 Number of individuals
Nil to HK$1,000,000	**1**	1
HK$1,000,001 — HK$1,500,000	**3**	3

11. TAXATION

The amount of tax recognised in the consolidated statement of comprehensive income represents:

	2025 RMB'000	2024 RMB'000
Current income tax		
Current tax on profits for the year	**37,424**	40,640
Withholding tax on dividends	**836**	2,608
	38,260	43,248
Adjustment for under provision in prior periods	**497**	97
Deferred income tax (note 19)	**(9,016)**	(6,114)
Income tax expense	**29,741**	37,231

Below are the major tax jurisdictions that the Group operates during the year.

(a) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

(b) Hong Kong profits tax

Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and 16.5% on the estimated assessable profits above HK$2 million. No provision for taxation in Hong Kong was made in the financial statements for the current year as the Group's operations in HK had no assessable profits.

(c) PRC corporate income tax (the "CIT")

The statutory PRC enterprise income tax for the PRC subsidiaries is 25% for the year. According to the Tax Relief Notice (Cai Shui [2020] No. 23) on the Grand Development of Western Region jointly issued by the Ministry of Finance, the State Administration of Taxation and National Development and Reform Commission, enterprises located in the western region of the PRC with over 60% of the principal revenue generated from the encouraged business activities were entitled to a preferential income tax rate of 15% for 10 years from 1 January 2021 to 31 December 2030. Accordingly, certain subsidiaries located in the western region of the PRC are entitled to an income tax rate of 15% for the year.

Three subsidiaries (2024: Four) of the Group have been qualified as "High and New Technology Enterprises" under the CIT Law. Therefore, they were entitled to a preferential income tax rate of 15% on their estimated assessable profits during the year. They will continue to enjoy the preferential tax rate in the subsequent periods, provided that they continue to be qualified as "High and New Technology Enterprises" during such periods.

PRC subsidiaries, which are micro and small enterprises, enjoy the preferential tax rates. According to the EIT Law and the Implementation Regulation of the EIT Law, an entity qualified as micro and small enterprises is subject to preferential tax treatments, nine of the subsidiaries are entitled to the preferential tax rate for the year ended 31 December 2025.

11. TAXATION (Continued)

(d) Withholding tax ("WHT")

According to applicable tax regulations prevailing in the PRC, dividends distributed by a company incorporated in the PRC to foreign investors with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. Under the double taxation arrangement between the PRC and Hong Kong, the relevant withholding tax rate applicable to the Group is reduced from 10% to 5% subject to the fulfilment of certain conditions.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2025 RMB'000	2024 RMB'000
Profit before taxation	**164,994**	229,753
Tax calculated at statutory tax rates applicable to profits in the respective countries	**41,248**	57,438
Tax effect of:		
Effect of different tax rate in foreign jurisdictions	**(1,768)**	(1,277)
Preferential income tax rates applicable to subsidiaries	**(18,018)**	(20,069)
Additional deductible allowance for research and development expenses (note (i))	**(4,260)**	(2,763)
Tax effect of expenses not deductible for tax purpose	**3,907**	1,681
Tax effect of income not taxable for tax purpose	**(1,095)**	(8,465)
Tax effect of withholding tax of dividend income	**836**	2,608
Tax effect of estimated tax losses not recognised	**8,394**	7,981
Adjustment for under provision in previous periods	**497**	97
Income tax expense for the year	**29,741**	37,231

(i) Pursuant to the CIT Law, an additional tax deduction is allowed based on the actual research and development expense charged to the consolidated statement of comprehensive income calculated at 100% of such expenses incurred if approved by tax authorities.

12. DIVIDENDS

The Board of Directors declared 2025 interim dividend of HK4.4 cents (2024: HK4.5 cents per ordinary share to the shareholders totaling approximately HK$64,763,000 (2024: HK$67,713,000).

The Board recommended a final dividend of HK2.0 cents (2024: HK5.3cents) per ordinary share, absorbing a total amount of about HK$29,431,000 (2024: HK$78,797,000) in respect of the year ended 31 December 2025, which is subject to the approval the shareholders of the Company at the forthcoming Annual General Meeting of the Company. The proposed dividends are not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2026. The final dividends are converted from Hong Kong dollars to Renminbi at the rate at the end of reporting period.

13. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2025 and 2024.

	2025 RMB'000	2024 RMB'000
Profit attributable to owners of the Company	**94,374**	150,780
Weighted average number of ordinary shares in issue (thousands)	**1,510,882**	1,543,447
Basic earnings per share (RMB cents per share)	**6.25**	9.77

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2025 and 2024, the Company do not have any dilutive potential ordinary shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all dilutive potential ordinary shares arising from share options granted by the Company (collectively forming the denominator for computing the diluted earnings per share). No adjustment is made to earnings (numerator).

	2025 RMB'000	2024 RMB'000
Profit attributable to owners of the Company	**94,374**	150,780
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,510,882**	1,543,447
Diluted earnings per share (RMB cents per share)	**6.25**	9.77

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities RMB'000	Leasehold improvements RMB'000	Furniture, fittings and office equipment RMB'000	Machinery and equipment RMB'000	Motor vehicle RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024							
Cost	643,809	35,282	25,615	378,514	7,358	143,772	1,234,350
Accumulated depreciation	(121,692)	(21,328)	(12,087)	(167,002)	(5,369)	—	(327,478)
Net book amount	522,117	13,954	13,528	211,512	1,989	143,772	906,872
Year ended 31 December 2024							
Opening net book amount	522,117	13,954	13,528	211,512	1,989	143,772	906,872
Additions	—	5,423	1,369	3,056	348	46,303	56,499
Disposals	—	—	(21)	(611)	(24)	—	(656)
Transfer from construction in progress	20,213	27,074	5,488	37,080	—	(89,855)	—
Depreciation	(22,256)	(7,836)	(3,488)	(37,072)	(372)	—	(71,024)
Closing net book amount	520,074	38,615	16,876	213,965	1,941	100,220	891,691
At 31 December 2024							
Cost	663,184	67,779	32,156	417,213	7,231	100,220	1,287,783
Accumulated depreciation and impairment	(143,110)	(29,164)	(15,280)	(203,248)	(5,290)	—	(396,092)
Net book amount	520,074	38,615	16,876	213,965	1,941	100,220	891,691
Year ended 31 December 2025							
Opening net book amount	**520,074**	**38,615**	**16,876**	**213,965**	**1,941**	**100,220**	**891,691**
Additions	**—**	**5,177**	**6,409**	**4,546**	**418**	**71,706**	**88,256**
Disposals	**—**	**—**	**(485)**	**(2,179)**	**(25)**	**—**	**(2,689)**
Transfer from construction in progress	**10,810**	**46,286**	**2,993**	**47,743**	**—**	**(107,832)**	**—**
Depreciation	**(22,778)**	**(6,272)**	**(5,166)**	**(37,595)**	**(443)**	**—**	**(72,254)**
Closing net book amount	**508,106**	**83,806**	**20,627**	**226,480**	**1,891**	**64,094**	**905,004**
At 31 December 2025							
Cost	**673,994**	**119,242**	**40,609**	**453,687**	**7,152**	**64,094**	**1,358,778**
Accumulated depreciation and impairment	**(165,888)**	**(35,436)**	**(19,982)**	**(227,207)**	**(5,261)**	**—**	**(453,774)**
Net book amount	**508,106**	**83,806**	**20,627**	**226,480**	**1,891**	**64,094**	**905,004**

As at 31 December 2025, the Group's property, plant and equipment with an aggregate carrying amount of approximately RMB68,847,000 (2024: RMB70,508,000) were pledged to secure bank borrowings granted to the Group (note 27).

The CGU is tested for impairment as it contains goodwill, key assumptions used in the impairment model are detailed in note 18.

15. LEASES

(a) Leases as lessee

The Group leases properties, warehouse and factory facilities. The leases typically run for a period of one to five years. Lease payments are renegotiated every one to five years to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The warehouse and factory leases were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under HKAS 17. Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as Right-of-use assets.

	Properties RMB'000	Leasehold land and land use rights RMB'000	Total RMB'000
Balance at 1 January 2024	962	25,171	26,133
Addition	6,649	—	6,649
Depreciation charge for the year	(1,853)	(599)	(2,452)
Balance at 31 December 2024	**5,758**	**24,572**	**30,330**
Addition	**2,903**	**—**	**2,903**
Depreciation charge for the year	**(2,092)**	**(599)**	**(2,691)**
Early termination of a lease	**(44)**	**—**	**(44)**
Balance at 31 December 2025	**6,525**	**23,973**	**30,498**

As at 31 December 2025, the Group's right-of-use assets with an aggregate carrying amount of approximately RMB5,615,000 (2024: RMB5,765,000) were pledged to secure bank borrowings granted to the Group (note 27).

15. LEASES (Continued)

(a) Leases as lessee (Continued)

(ii) Lease liabilities

	Properties RMB'000
Balance at 1 January 2024	1,128
Addition	6,649
Interest expense	279
Lease payments	(1,782)
Balance at 31 December 2024	6,274
Addition	**2,903**
Interest expense	**266**
Lease payments	**(2,397)**
Early termination of a lease	**(45)**
Balance at 31 December 2025	**7,001**

Future lease liabilities are payable as follows:

	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
At 31 December 2024			
Not later than one year	1,938	(241)	1,697
Later than one year and not later than two years	1,473	(174)	1,299
Later than two year and not later than five years	3,443	(165)	3,278
	6,854	(580)	6,274
At 31 December 2025			
Not later than one year	**2,481**	**(234)**	**2,247**
Later than one year and not later than two years	**2,554**	**(145)**	**2,409**
Later than two year and not later than five years	**2,401**	**(56)**	**2,345**
	7,436	**(435)**	**7,001**

15. LEASES (Continued)

(a) Leases as lessee (Continued)

(ii) Lease liabilities (Continued)

The present value of future lease payments are analysed as:

	2025 RMB'000	2024 RMB'000
Current liabilities	**2,247**	1,697
Non-Current liabilities	**4,754**	4,577
	7,001	6,274

(iii) Amounts recognised in profit or loss

	2025 RMB'000	2024 RMB'000
Leases under HKFRS 16		
Interest on lease liabilities	**266**	279
Expenses relating to short-term leases	**262**	112
	528	391

(iv) Amounts recognised in statement of cash flows

	2025 RMB'000	2024 RMB'000
Total cash outflow for leases	**(2,397)**	(1,782)

15. LEASES (Continued)

(b) Leases as lessor

The Group leases out its investment properties which are its owned industrial properties. All leases are classified as operating leases from a lessor perspective. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group was approximately RMB20,570,000 for the year ended 31 December 2025 (2024: RMB17,819,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2025 **RMB'000**	2024 RMB'000
Within one year	**16,111**	15,401
One to two years	**256**	15,926
	16,367	31,327

16. INVESTMENT PROPERTIES

	Total RMB'000
FAIR VALUE	
At 1 January 2024	264,878
Change in fair value	(1,182)
Disposal of an investment property	(816)
At 31 December 2024 and 1 January 2025	262,880
Change in fair value	(1,820)
At 31 December 2025	**261,060**

During the year ended 31 December 2023, the Group obtained the legal title of a property with carrying value of approximately RMB838,000 from a customer as the full settlement of its trade receivables. The property was subsequently disposed of during the year ended 31 December 2024 for a consideration of RMB816,000.

The balance as at 31 December 2024 and 2025 represented office premises located at No.23 Panlong West Road, Pinggu District, Beijing, with a construction area of approximately 39,714.5 square meters which are held by the Group under a medium-term lease in the PRC.

The Group's investment properties are leased to third parties under operating leases, further details of which are disclosed in note 15(b).

16. INVESTMENT PROPERTIES (Continued)

The fair value of the Group's investment properties at 31 December 2025 was approximately RMB261,060,000 (2024: RMB262,880,000) which has arrived at on market valuation carried out by Zhong Qi Ying (Beijing) Asset Appraisal Company Limited, an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

The fair value was determined based on the income approach, where capitalising the estimated net income derived from the investment properties with reference to the lease agreement and taking into account the future growth potential. The discount rate was determined by reference to weighted average cost of capital of the listed companies with similar business portfolio.

The following table shows the significant unobservable inputs used in comparison with the previous year:

	2025	2024
Occupancy rate	**50% to 79%**	50% to 83.52%
Monthly Rent	**RMB40.7 per sq.m. to RMB76.8 per sq.m.**	RMB40.2 per sq.m. to RMB78.8 per sq.m.
Rental growth rate	**2.0%**	2.0%
Discount rate	**5.0%**	5.0%

The fair value of the investment properties at 31 December 2024 and 2025 were measured using valuation techniques with significant unobservable inputs and hence were classified as Level 3 of the fair value hierarchy. There were no transfer into or out of Level 3 during the year.

A significant increase/decrease in the rental value in isolation would result in a significant increase/decrease in the fair value of the investment properties. A significant increase/decrease in the discount rate and capitalisation rate in isolation would result in a significant decrease/increase in the fair value of the investment properties. Generally, a change in the assumption made for the rental value is accompanied by a directionally similar change in the rent growth per annum.

In addition, as a result of the increased uncertainty, significant judgement is required when evaluating the inputs used in the fair value estimate. Reasonably possible changes at the reporting date to any of the relevant assumptions would have affected the fair value of the investment property.

	2025 RMB'000	2024 RMB'000
Discount rate increased by 1%	**(32,562)**	(33,601)
Expected occupancy rate decreased by 3%	**(9,874)**	(10,032)
Rental growth rate decreased by 0.5%	**(21,593)**	(22,269)

17. INTANGIBLE ASSETS

	Computer software RMB'000	Trademarks RMB'000	Technology know-how and patents RMB'000	Customer relationship RMB'000	Development costs RMB'000	Total RMB'000
At 1 January 2024						
Cost	962	11,755	347,697	103,944	733,935	1,198,293
Accumulated amortisation	(897)	(9,931)	(66,262)	(24,216)	—	(101,306)
Net book amount	65	1,824	281,435	79,728	733,935	1,096,987
Year ended 31 December 2024						
Opening net book amount	65	1,824	281,435	79,728	733,935	1,096,987
Additions	—	—	—	—	15,583	15,583
Transfer from development cost to technical know-how	—	—	698,985	—	(698,985)	—
Amortisation	(18)	(784)	(33,575)	(9,893)	—	(44,270)
Closing net book amount	47	1,040	946,845	69,835	50,533	1,068,300
At 31 December 2024						
Cost	962	11,755	1,046,682	103,944	50,533	1,213,876
Accumulated amortisation	(915)	(10,715)	(99,837)	(34,109)	—	(145,576)
Net book amount	47	1,040	946,845	69,835	50,533	1,068,300
Year ended 31 December 2025						
Opening net book amount	**47**	**1,040**	**946,845**	**69,835**	**50,533**	**1,068,300**
Additions	**—**	**—**	**—**	**—**	**15,008**	**15,008**
Amortisation	**(18)**	**(784)**	**(54,218)**	**(9,893)**	**—**	**(64,913)**
Closing net book amount	**29**	**256**	**892,627**	**59,942**	**65,541**	**1,018,395**
At 31 December 2025						
Cost	**962**	**11,755**	**1,046,682**	**103,944**	**65,541**	**1,228,884**
Accumulated amortisation	**(933)**	**(11,499)**	**(154,055)**	**(44,002)**	**—**	**(210,489)**
Net book amount	**29**	**256**	**892,627**	**59,942**	**65,541**	**1,018,395**

Notes:

At 31 December 2025, the capitalised development costs were related to cost incurred for Tissue sponge, Biological Dressing, Injectable Tissue Filler, Non-Compliant PTA Drug Balloon Catheters and Hemodialysis Filter which were not yet available for use.

During the year ended 31 December 2024, the Group successfully completed the sales registration of the Breast Tissue Patch, Oral Cavity Repair Membrane, Continuous Renal Replacement Therapy Machine (CRRT), Hemodialysis Filter and Hemodialysis Filtration Equipment H1. The related development costs were therefore capitalised and recognised as intangible assets under technology know-how.

At 31 December 2024, the capitalised development costs were related to costs incurred for Biological Dressing, Injectable Tissue Filler, Non-compliant PTA Drug Balloon Catheters and Hemodialysis Filter which were not yet available for use.

18. GOODWILL

	2025 RMB'000	2024 RMB'000
Carrying amount	**564,085**	564,085

Goodwill was acquired through business combinations and it is related to the Infusion Set Business, Blood Purification Business and Regenerative Medical Biomaterials Business. Goodwill is monitored by the management at the operating segment level.

The carrying amount of goodwill is allocated to the cash generating units (CGUs) as follows:

	Goodwill carrying amount	
	2025 RMB'000	2024 RMB'000
Infusion Set Business	**160,754**	160,754
Blood Purification Business	**323,540**	323,540
Regenerative Medical Biomaterials Business	**79,791**	79,791
	564,085	564,085

The Group tests goodwill annually, or more frequently if there are indications that goodwill may be impaired.

18. GOODWILL (Continued)

Impairment assessment of Infusion Set Business

Goodwill was acquired through business combinations and it is related to the Infusion Set Business. Goodwill is monitored by the management at the operating segment level.

The recoverable amounts of the CGU have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period. Based on management's calculation, the recoverable amount of the Infusion Set Business as at 31 December 2025 amounted to approximately RMB828 million (31 December 2024: RMB805 million), which was 9.7% (31 December 2024: 5.3%) higher than its carrying amount. Key assumptions used to determine the CGUs' value-in-use were as follows:

	Value assigned to key assumption		
	31 December 2025	31 December 2024	Approach to determining key assumption
Revenue	**4.0%–6.0%**	4.0%–6.0%	Forecasted revenue growth rates and gross profit margin were determined based on industry research and financial forecast on Infusion Set Business.
Gross profit margin	**60.0%**	59.2%	
Long-term growth rate	**2.0%**	2.0%	Estimated based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry in the PRC.
Discount rate	**12.3%**	12.7%	Reflect specific risks relating to the relevant segment and the country in which the Infusion Set Business operates.

These assumptions have been used for the analysis of the CGU within the operating segment.

Impact of possible changes in key assumptions

If the compound revenue growth rates used in the value-in-use calculation for Infusion Set Business had been 0.3% lower than management's estimates at 31 December 2025 (3.7%–5.7% instead of 4.0%–6.0%), the value-in-use Infusion Set Business would approximate its carrying amount.

If the gross margins used in the value-in-use calculation for Infusion Set Business had been 0.5% lower than management's estimates at 31 December 2025 (59.5% instead of 60%), the value-in-use of Infusion Set Business would approximate its carrying amount.

If the pre-tax discount rate applied to the cash flow projections of Infusion Set Business had been 1.4% higher than management's estimates (14.7% instead of 13.3%), the value-in-use of Infusion Set Business would approximate its carrying amount.

18. GOODWILL (Continued)

Impairment assessment of Blood Purification Business

Goodwill was acquired through business combinations and it is related to the Blood Purification Business. Goodwill is monitored by the management at the operating segment level.

The recoverable amounts of the CGU have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period. Based on management's calculation, the recoverable amount of the Blood Purification Business as at 31 December 2025 amounted to approximately RMB2,151 million (31 December 2024: RMB1,926 million), which was 71.9% (31 December 2024: 55.9%) higher than its carrying amount. Key assumptions used to determine the CGUs' value-in-use were as follows:

	Value assigned to key assumption		
	31 December 2025	31 December 2024	Approach to determining key assumption
Revenue	**5%–20.0%**	5.0%–20.0%	Forecasted revenue growth rates and gross profit margin were determined based on industry research and financial forecast on Blood Purification Business.
Gross profit margin	**49.4%**	52.2%	
Long-term growth rate	**2%**	2%	Estimated based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry in the PRC.
Discount rate	**9.8%**	11.16%	Reflect specific risks relating to the relevant segment and the country in which the Blood Purification Business operates.

These assumptions have been used for the analysis of the CGU within the operating segment.

Impact of possible changes in key assumptions

If the compound revenue growth rates used in the value-in-use calculation for Blood Purification Business had been 11.9% lower than management's estimates at 31 December 2025 (0%–8.1% instead of 5%–20.0%), the value-in-use Blood Purification Business would approximate its carrying amount.

If the gross margins used in the value-in-use calculation for Blood Purification Business had been 8.5% lower than management's estimates at 31 December 2025 (40.9% instead of 49.4%), the value-in-use of Blood Purification Business would approximate its carrying amount.

If the pre-tax discount rate applied to the cash flow projections of Blood Purification Business had been 5.7% higher than management's estimates (16.5% instead of 10.8%), the value-in-use of Blood Purification Business would approximate its carrying amount.

18. GOODWILL (Continued)

Impairment assessment of Regenerative Medical Biomaterials Business

Goodwill was acquired through business combinations and it is related to the Regenerative Medical Biomaterials Business. Goodwill is monitored by the management at the operating segment level.

The recoverable amounts of the CGU have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a ten-year period. The Regenerative Medical Business commenced manufacturing and selling the product during the year ended 31 December 2025. The ten-year forecast was based on the timing of launching the Regenerative Medical Biomaterials product and the majority of the expected product life cycle. Management engaged an independent external valuer to assist in performing the impairment assessments. Based on management's calculation, the recoverable amount of the Regenerative Medical Biomaterials Business as at 31 December 2025 amounted to approximately RMB2,020 million (31 December 2024: RMB1,781 million), which was 107.5% (31 December 2024: 77.6%) higher than its carrying amount. Key assumptions used to determine the CGUs' value-in-use were as follows:

	Value assigned to key assumption		
	31 December 2025	31 December 2024	Approach to determining key assumption
Revenue growth (during the average ten-year period)	**39.3%**	34.6%	Forecasted revenue growth rates and gross profit margin were determined based on industry research and financial forecast on Oral Cavity Repair Membrane, Breast Patch and Hernia Patch.
Gross profit margin (during the average ten-year period)	**84.7%**	83.7%	
Long-term growth rate after the initial ten-year period	**1.0%**	1.0%	Estimated based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry in the PRC.
Discount rate	**13.8%**	11.8%	Reflect specific risks relating to the relevant segment and the country in which the Regenerative Medical Biomaterials Business operates.

These assumptions have been used for the analysis of the CGU within the operating segment.

Impact of possible changes in key assumptions

If the compound revenue growth rates used in the value-in-use calculation for Regenerative Medical Biomaterials Business had been 15.5% lower than management's estimates at 31 December 2025 (23.8% instead of 39.3%), the value-in-use of Regenerative Medical Biomaterials Business would approximate its carrying amount.

If the gross margins used in the value-in-use calculation for Regenerative Medical Biomaterials Business had been 14.5% lower than management's estimates at 31 December 2025 (70.2% instead of 84.7%), the value-in-use of Regenerative Medical Biomaterials Business would approximate its carrying amount.

If the pre-tax discount rate applied to the cash flow projections of Regenerative Medical Biomaterials Business had been 8.6% higher than management's estimates (24.3% instead of 15.7%), the value-in-use of Regenerative Medical Biomaterials Business would approximate its carrying amount.

19. DEFERRED TAX ASSETS AND LIABILITIES

Details of the deferred tax assets and liabilities recognised and movements during the current and prior years:

	Provision for impairment of receivables RMB'000	Write-down of inventories RMB'000	Depreciation allowance RMB'000	Fair value adjusted on property, plant and equipment and intangible assets RMB'000	Fair value surplus arising from revaluation of property, plant and equipment RMB'000	Deferred government grant RMB'000	Total RMB'000
At 1 January 2024	3,258	159	2	(154,712)	2,746	4,126	(144,421)
(Charge)/credit to profit or loss for the year	(400)	–	4	6,277	212	21	6,114
At 31 December 2024	2,858	159	6	(148,435)	2,958	4,147	(138,307)
(Charge)/credit to profit or loss for the year	(792)	75	(46)	9,367	455	(43)	9,016
At 31 December 2025	**2,066**	**234**	**(40)**	**(139,068)**	**3,413**	**4,104**	**(129,291)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income taxes related to the same tax authority. The net deferred income tax balance after offsetting is as follows:

	2025 RMB'000	2024 RMB'000
Non-current portion		
Deferred tax assets	**9,817**	10,128
Deferred tax liabilities	**(139,108)**	(148,435)
	(129,291)	(138,307)

20. NON-CURRENT FINANCIAL ASSETS

	2025 RMB'000	2024 RMB'000
Equity securities designated at FVOCI		
— Listed equity securities (note i)	**48,778**	26,363
Financial assets measured at FVTPL		
— Unlisted investment fund (note (ii))	**21,910**	20,181
	70,688	46,544

Notes:

(i) As at 31 December 2025 and 2024, the Group held 0.65% equity interest in Lepu Biopharma Co., Ltd.. The resulted in a fair value gain of approximately RMB23,371,000 (2024: fair value loss of RMB15,760,000) credited to financial assets at FVOCI reserves directly during the year ended 31 December 2025.

These were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. The fair values of the listed equity securities investments were determined based on the quoted market closing prices on the Stock Exchange. No dividends were received on this investment nor disposal of investment was made during the year ended 31 December 2025 and 2024.

(ii) The underlying assets of the unlisted investment fund represent a private equity investing into medical industry. This investment fund was principally to achieve long-term capital appreciation primarily through privately-negotiated investments in companies and/or its affiliates which is/are engaged in the research and development and sales of medical devices. The Group is a limited partner who held 26.3% in this investment fund and does not have control nor significant influence in their operational and financing decisions.

The directors of the Company have determined the fair value of the interest held in the investment fund as at 31 December 2025 and 2024 with reference to the valuation report issued by Flagship Appraisals and Consulting Limited, an independent professional valuer who has professional qualifications and relevant experience. The fair value of the investment fund is determined by market approach, with references to comparable companies benchmark multiples. Fair value gain was credited to profit or loss directly during the year ended 31 December 2025.

During the year ended 31 December 2025, the investment fund returned the principal amount of approximately RMB3,702,000 and distributed dividend income of approximately RMB1,087,000. The resulted in a fair value gain of approximately RMB5,431,000 (2024: RMB357,000) credited to profit or loss directly.

(iii) The detail of the valuation methodology on non-current financial assets are disclosed in note 36(b).

21. LOAN RECEIVABLES

	2025 RMB'000	2024 RMB'000
Fixed-rate loan receivables	**240,000**	300,000
Analysed as:		
Current	**240,000**	120,000
Non-current	**—**	180,000
	240,000	300,000

21. LOAN RECEIVABLES (Continued)

On 20 April 2023, the Group granted a loan advance to an independent third party with the principal of RMB180,000,000 at the rate of 5.3% per annum with a maturity date in April 2026. The interest is repayable on a half-yearly basis. It is considered to be low risk as the loan is collateralised by the real properties owned by the Borrower located in Beijing with fair value amounted RMB245,805,000 and therefore the impairment provision is determined as 12 months expected credit losses. The management assess that the effect of applying the expected credit risk model on loan receivable was immaterial.

On 28 September 2023, a loan advance with the principal of RMB120,000,000 was granted to another independent third party. The loan is interest bearing at 4.55% per annum. The interest is repayable on a semi-yearly basis. In May 2025, the outstanding principal amount was extended to a maturity date on 31 May 2026 with other terms remain unchanged. It is considered to be low risk as the loan is collateralised by the real properties owned by the Borrower located in Suzhou with fair value amounted to RMB185,000,000 and therefore the impairment provision is determined as 12 months expected credit losses. The management assessed that the effect of applying the expected credit risk model on loan receivable was immaterial. The borrower repaid RMB60 million in July 2025.

22. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	**41,339**	45,507
Work in progress	**15,936**	18,821
Finished goods	**73,106**	49,304
Goods in transit	**15,852**	11,107
	146,233	124,739
Provision for impairment	**(1,032)**	(4,457)
	145,201	120,282

23. TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables (note i)	**67,394**	72,988
Bills receivable (note ii)	**1,234**	1,338
Prepayments and deposits	**25,817**	22,403
Value added tax recoverable	**12,364**	12,937
Other receivables	**29,049**	35,817
Interest receivables	**2,647**	2,771
Amount due from a related party (note iii)	**29,639**	18,571
Trade and other receivables	**168,144**	166,825

23. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(i) Included in trade and other receivables are trade receivables (net of impairment losses) with the following ageing analysis, based on invoice dates, as of the end of reporting period.

	2025 RMB'000	2024 RMB'000
Up to 3 months	**44,559**	46,864
3 months to 6 months	**9,016**	3,624
6 months to 12 months	**8,975**	9,301
1 year to 2 years	**89**	1,465
2 years to 3 years	**4,755**	11,734
	67,394	72,988

The Group and the Company recognised impairment loss based on the accounting policy stated in note 4.9(ii).

Trade receivables are due within 180 days from the date of billing. The Group does not hold any collateral as security.

(ii) The ageing of bills receivable is within 180 days, which is within the credit term.

(iii) The amount due from a related party is trade in nature. The Group granted the credit terms of 150 days to this related party.

(iv) Further details on the Group's credit policy and credit risk arising from trade receivables, bills receivable and amount due from a related party are set out in note 39(b).

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Wealth management products — non-principal protected	**5,000**	5,148

The amount included a wealth management product issued by a bank in the PRC. The product is not redeemable on demand and not principal protected. The return of the product is determined by the performance of the underlying investments which are mainly debt instruments.

The details of the valuation methodology on the measurement of financial assets at fair value through profit or loss are disclosed in note 36(b).

The movements of financial assets at fair value through profit or loss during each of the year are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	**5,148**	4,900
Addition	**270,498**	672,998
Fair value gain	**515**	—
Disposal	**(271,161)**	(672,750)
At end of year	**5,000**	5,148

25. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	**58,788**	41,787
Salary and staff welfare payables	**43,487**	38,922
Advances from customers	**2,697**	4,792
Deposits received	**3,240**	3,704
Value added tax and other taxes	**5,362**	10,384
Professional service fee	**8,815**	8,163
Provision of loss from guarantee liability (note 7)	**23,414**	22,680
Deferred government grant — current portion (note 28)	**1,327**	1,325
Amount due to related parties (note 34(d))	**242**	729
Other payables	**7,597**	6,458
	154,969	138,944

As at 31 December 2025 and 2024, except for the advances from customers, deposits received, value added tax and other taxes and deferred government grant which are not financial liabilities. All trade and other payables of the Group were non-interest bearing, and their fair values approximated their carrying amounts due to their short maturities.

Included in trade payables are trade creditors with the following ageing analysis, based on invoice dates, as of the end of reporting period:

	2025 RMB'000	2024 RMB'000
Up to 6 months	**44,159**	26,160
6 months to 12 months	**3,566**	1,371
Over 1 year	**1,278**	2,954
2 years to 3 years	**1,480**	1,354
Over 3 years	**8,305**	9,948
	58,788	41,787

26. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract liabilities arising from sale contracts	**30,037**	19,761

Certain deposits the Group received from the sale of medical device for blood purification and regenerative medical biomaterials remain as contract liabilities until such time as the work completed to date outweighs it.

The movements in contract liabilities are as follow:

	2025 RMB'000	2024 RMB'000
Balance as at 1 January	**19,761**	7,766
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities	**(48,280)**	(6,053)
Increase in contract liabilities as a result of billing in advance	**58,556**	18,048
Balance as at 31 December	**30,037**	19,761

27. BANK BORROWINGS

	2025 RMB'000	2024 RMB'000
Current liabilities		
Bank borrowings	**15,000**	—
Non-current liabilities		
Bank borrowings	**—**	5,800

As at 31 December 2025, the Group had bank borrowings with principal amount of RMB15,000,000 (2024: RMB5,800,000) and repayable on 14 December 2026. The bank borrowings carried a fixed interest rate at 3.45% per annum.

As at 31 December 2025 and 2024, the Group's secured bank borrowings were secured by certain of the Group's property, plant and equipment (note 14) and right-of-use assets (note 15).

28. DEFERRED GOVERNMENT GRANTS

	2025 RMB'000	2024 RMB'000
At beginning of year	**22,634**	23,841
Addition	**880**	—
Amortisation	**(1,324)**	(1,207)
At end of year	**22,190**	22,634
Current portion	**1,327**	1,325
Non-current portion	**20,863**	21,309
	22,190	22,634

Note: Such government grants were recorded as deferred government grants and would be credited to the consolidated statement of comprehensive income over the useful life of the corresponding assets using straight-line method.

29. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of issued and fully paid ordinary Shares	Share capital RMB'000	Share premium RMB'000	Number of treasury Shares	Treasury share RMB'000
Issued and fully paid:					
At 1 January 2024	1,565,632,098	962	1,489,876	—	—
Repurchase of Shares	—	—	—	78,897,000	(80,221)
Cancellation of shares	(32,401,000)	(23)	(33,398)	(32,401,000)	33,421
At 31 December 2024	1,533,231,098	939	1,456,478	46,496,000	(46,800)
Repurchase of Shares	—	—	—	15,191,000	(19,759)
Cancellation of shares	(59,642,000)	(42)	(63,771)	(59,642,000)	63,813
At 31 December 2025	1,473,589,098	897	1,392,707	2,045,000	(2,746)

During the year ended 31 December 2025, 15,191,000 ordinary shares were repurchased, of which 59,642,000 ordinary shares have been cancelled as at 31 December 2025. The total amount paid to acquire the shares was approximately RMB19,759,000 during the year.

During the year ended 31 December 2024, 78,897,000 ordinary shares were repurchased, of which 32,401,000 ordinary shares have been cancelled as at 31 December 2024. The total amount paid to acquire the shares was approximately RMB80,221,000 during the year.

30. OTHER RESERVES

	Merger reserve note (i) RMB'000	Translation reserve RMB'000	Capital reserve note (ii) RMB'000	Revaluation reserves RMB'000	Financial assets at FVOCI reserves RMB'000	Total RMB'000
The Group						
At 1 January 2024	63,964	24,780	330,900	2,576	(29,450)	392,770
Currency translation differences	—	(2,748)	—	—	—	(2,748)
Change in fair value of financial assets at fair value through other comprehensive income	—	—	—	—	(15,403)	(15,403)
Share-based payment	—	—	9,018	—	—	9,018
At 31 December 2024	63,964	22,032	339,918	2,576	(44,853)	383,637
Currency translation differences	—	(1,848)	—	—	—	(1,848)
Change in fair value of financial assets at fair value through other comprehensive income	—	—	—	—	23,371	23,371
Share-based payment	—	—	12,684	—	—	12,684
Capital contribution to a non-wholly owned subsidiary by non-controlling interests	—	—	606	—	—	606
At 31 December 2025	**63,964**	**20,184**	**353,208**	**2,576**	**(21,482)**	**418,450**

(i) The merger reserve represents: (a) the total consideration paid for the acquisition of subsidiaries under common control upon the Reorganisation; and (b) the cash contribution to the Group by the then equity owners.

(ii) Capital reserve mainly represents: (a) for the transactions with non-controlling interests, the differences between the considerations paid/received and the relevant carrying value of the net assets of the subsidiaries acquired/disposed of; and (b) the difference between the carrying amount and undiscounted amount of interest-free loan received from a related party, net of tax.

31. NON-CONTROLLING INTERESTS

As at and for the year ended 31 December 2025, the non-controlling interest ("NCI") was attributable to 51.51% (2024: 51.51%) of Sichuan Ruijian Medical and 41.8% (2024: 41.8%) of Beijing Ruijian Biological. The NCI is recorded at its proportionate share of the subsidiaries' identifiable net assets.

Summarised financial information in relation to the NCI of Sichuan Ruijian Medical, before intra-group eliminations, is presented below:

	2025 RMB'000	2024 RMB'000
Revenue	**611,792**	482,257
Profit for the year	**125,303**	112,334
Total comprehensive income for the year	**125,303**	112,334
Profit and total comprehensive income allocated to NCI	**62,146**	57,153
Cash flows generated from operating activities	**173,238**	219,226
Cash flows used in investing activities	**(51,596)**	(38,082)
Cash flow used in financing activities	**(1,454)**	(1,099)
Net cash inflows	**120,188**	180,045
As at 31 December		
Current assets	**778,412**	613,026
Non-current assets	**548,125**	541,718
Current liabilities	**(92,251)**	(69,169)
Non-current liabilities	**(35,696)**	(39,991)
Net assets	**1,198,590**	1,045,584
Accumulated non-controlling interest	**609,385**	532,828

31. NON-CONTROLLING INTERESTS (Continued)

Summarised financial information in relation to the NCI of Beijing Ruijian Biological, before intra-group eliminations, is presented below:

	2025 RMB'000	2024 RMB'000
Revenue	**4,070**	—
Loss for the year	**(50,879)**	(36,867)
Total comprehensive expense for the year	**(50,879)**	(36,867)
Loss and total comprehensive expense allocated to NCI	**(21,267)**	(15,411)
Cash flows used in operating activities	**(8,510)**	(13,147)
Cash flows used in investing activities	**(9,248)**	(10,232)
Cash flow generated from/(used in) financing activities	**15,057**	(381)
Net cash outflows	**(2,701)**	(23,760)
As at 31 December		
Current assets	**51,837**	68,019
Non-current assets	**825,711**	857,518
Current liabilities	**(31,084)**	(23,817)
Non-current liabilities	**(114,717)**	(119,093)
Net assets	**731,747**	782,627
Accumulated non-controlling interest	**293,873**	299,139

32. CAPITAL COMMITMENTS

Except as disclosed in note 37(vi), capital expenditure contracted for but not accounted for at the end of the reporting period in the financial statements is as follow:

	2025 RMB'000	2024 RMB'000
Commitments for the acquisition of:		
Property, plant and equipment	**11,666**	25,633

33. SHARE BASED PAYMENTS

Sichuan Ruijian Medical Share Award Scheme

A share award scheme ("Sichuan Ruijian Medical Share Award Scheme") was adopted by Sichuan Ruijian Medical.

Particulars of the Sichuan Ruijian Medical Share Award Scheme are set out below:

Purpose of the Sichuan Ruijian Medical Share Award Scheme

The purpose of the Sichuan Ruijian Medical Share Award Scheme is to provide incentives and rewards to eligible participants for their contribution to the Sichuan Ruijian Medical and enable the Sichuan Ruijian Medical to attract and retain the employees of appropriate qualifications and with necessary experience to work for the Sichuan Ruijian Medical in which any member of the Sichuan Ruijian Medical holds any equity interest.

Participants of the Sichuan Ruijian Medical Share Award Scheme

The board of directors of the Sichuan Ruijian Medical or a duly authorised committee thereof, may, at its discretion, grant share awards to any of its full time employee (including any executive and non-executive director or proposed executive and non-executive director) of the Sichuan Ruijian Medical (the "Employees"), who have contributed to the Sichuan Ruijian Medical (collectively the "Participants"), to subscribe for shares of RMB1.783 each in the share capital of the Sichuan Ruijian Medical in accordance with the provisions of the Scheme.

Period within which the share must be taken up under Share Award Scheme

Share award may be exercised in accordance with the terms of the Sichuan Ruijian Medical Share Award Scheme at any time during a period as the Board may determine which shall not be more than 5 years from the date of Sichuan Ruijian Medical Technology Co. Ltd. is successfully listed on Beijing Stock Exchange subject to the provisions of early termination thereof and the board of directors may provide restrictions on the exercise of share award during the period the share award may be exercised. Amount payable upon acceptance of the share award and the period within which the payment must be made RMB1.783 shall be paid within 21 days from the date of offer of the share award scheme.

Basis of determining the exercise price of the share award

The exercise price for Shares under the Sichuan Ruijian Medical Share Award Scheme shall be a price determined by the board of directors, but in any case will not be less than the highest of:

(1) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer, which must be a trading date;

(2) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading immediately preceding the date of the offer; or

(3) the nominal value of a share.

Remaining life of the Sichuan Ruijian Medical Share Award Scheme

The Sichuan Ruijian Medical Share Award Scheme shall be valid and effective for a period of 5 years from the date of Sichuan Ruijian Medical Technology Co. Ltd. is successfully listed on Beijing Stock Exchange (i.e. 30 September 2025 and ending on 29 September 2030), after which no further share awards will be granted but the provisions of the Scheme shall remain in force to the extent necessary to give effect to the exercise of any share awards granted or exercised prior to otherwise as may be required in accordance with the provision of the Sichuan Ruijian Medical Share Award Scheme.

33. SHARE BASED PAYMENTS (Continued)

Sichuan Ruijian Medical Share Award Scheme (Continued)

Remaining life of the Sichuan Ruijian Medical Share Award Scheme (Continued)

Details of share awards granted under the Sichuan Ruijian Medical Share Award Scheme are as follows:

	Share awards by grant date 18 April 2024
Number of ordinary shares issued upon exercise:	
— Senior management	5,320,000
— Employees	1,012,340
	6,332,340

For the share awards granted on 18 April 2024, 1,583,085 shares are entitled from the 1 years after listing (i.e. 30 September 2026) to 29 September 2030 (the "first tranche"); 1,583,085 shares are entitled from 2 years after listing (i.e. 30 September 2027) to 29 September 2030 (the "second tranche"); 1,583,085 shares are entitled from 3 years after listing (i.e. 30 September 2028) to 29 September 2030 (the "third tranche"); and 1,583,085 shares are entitled from the 4 years after listing (i.e. 30 September 2029) to 29 September 2030 (the "fourth tranche").

In the event the grantee ceases to be the participants, the share awards granted to the grantee shall lapse on the date which the grantee ceases to be the participant.

The Group does not have a legal or constructive obligation to repurchase or settle the share awards in cash.

The fair values of employee services received in return for share awards granted are measured by reference to the fair value of share awards granted.

For the fair value of services measured indirectly by reference to the fair value of the share awards granted, the fair value is determined by the directors of the Company with reference to the valuation performed by an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited using the Binomial Option Pricing Model significant inputs into the model were as follows:

	Share awards by grant date 18 April 2024
Expected life	1.5–5.5 years
Fair value	44,954,176
Fair value	
— first tranche	11,027,280
— second tranche	11,167,178
— third tranche	11,308,490
— fourth tranche	11,451,228

The expected volatility reflects the assumption that the historical volatility of future trends, adjusted for any expected changes to future volatility based on publicly available information, which may also not necessarily be the actual outcome. No other feature of the share awards was incorporated into the measurement of the fair value.

33. SHARE BASED PAYMENTS (Continued)

Sichuan Ruijian Medical Share Award Scheme (Continued)

Remaining life of the Sichuan Ruijian Medical Share Award Scheme (Continued)

The variables and assumptions used in estimating the fair value of the share awards were the directors' best estimates. Change in subjective input assumptions can materially affect the fair value.

During the year ended 31 December 2025, share-based payment expense of RMB26,452,000 (2024: RMB18,599,000) under the share award scheme was recognised in the consolidated statement of comprehensive income, with a corresponding credit in capital reserve.

No participant is entitled to shares under the share award scheme during the year.

34. RELATED PARTY DISCLOSURES

(a) During the year, the Group had the following material related party:

Name of the relate party	Relationship with the Group
Lepu Medical Technology (Beijing) Co., Ltd. ("Lepu Medical")	Dr. Zhongjie Pu, deemed as the actual controller of Lepu Medical by the Shenzhen Stock Exchange, is the spouse of Executive Director of the Group

(b) During the year, the Group had the following material related party transactions:

	2025 RMB'000	2024 RMB'000
Related party transactions		
Sales of medical devices		
— Lepu Medical and its subsidiaries (note i)	**61,142**	43,087
Medical products processing services fee income (note ii)		
— Lepu Medical and its subsidiaries	**2,756**	2,148
Purchases of medical devices molds and components (note iii)		
— Lepu Medical and its subsidiaries	**(3,734)**	(2,656)

Notes:

(i) Sales of medical devices totaling RMB61,142,000 to a related company were conducted in the normal course of business and in accordance with the terms of the agreement between the Company and the related party.

(ii) Medical products processing services fee income totaling RMB2,756,000 to a related company were conducted in the normal course of business and in accordance with the terms of the agreement between the Company and the related party.

(iii) Purchases of medical devices molds and components totaling RMB3,734,000 to a related company were conducted in the normal course of business and in accordance with the terms of the agreement between the Company and the related party.

34. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel

The remuneration of executive directors and other members of key management of the Group during the year was as follows:

	2025 RMB'000	2024 RMB'000
Short-term benefits	**3,588**	3,498
Post-employment benefits	**277**	273
	3,865	3,771

The remuneration of directors is determined by the remuneration committee having regard to the level and composition of pay and the general market conditions in the respective countries and businesses.

(d) Amount due from/(to) related parties

The amount due from/(to) related parties are interest-free, unsecured and repayable on demand.

The impairment loss on amount due from a related party of approximately RMB1,220,000 (2024: RMB nil) was recognised in profit or loss for the year ended 31 December 2025.

35. NOTES SUPPORTING CASH FLOW STATEMENT

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash available on demand	**1,164,734**	942,216
Short-term deposits (note)	**638,107**	739,768
	1,802,841	1,681,984

Note:

The balance represents short-term bank deposits with an original maturity of three months or less. The Group's bank balances deposited in the banks in the PRC carry prevailing market interest rates ranging from 0.45% to 4.7% (2024: from 1.1% to 4.9%) per annum.

The Group's bank balances that are denominated in foreign currencies of the relevant group entities (whose functional currency is RMB) are set out as below:

	2025 RMB'000	2024 RMB'000
Denominated in USD	**141,821**	498,272
Denominated in HK$	**46,411**	7,361
Denominated in EUR	**1,737**	1,430

35. NOTES SUPPORTING CASH FLOW STATEMENT (Continued)

(b) Reconciliation of liabilities arising from financing activities:

	Bank borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Balance at 1 January 2024	—	1,128	1,128
Changes from financing cash flows			
Proceeds from new bank borrowings	5,800	—	5,800
Payment of lease liabilities	—	(1,503)	(1,503)
Interest paid	(95)	(279)	(374)
Total changes from financing cash flows	5,705	(1,782)	3,923
Other changes			
Addition of properties	—	6,649	6,649
Interest expense	95	279	374
Total liability-related other changes	95	6,928	7,023
At 31 December 2024 and 1 January 2025	5,800	6,274	12,074
Changes from financing cash flows			
Proceeds from new bank borrowings	9,200	—	9,200
Payment of lease liabilities	—	(2,131)	(2,131)
Interest paid	(454)	(266)	(720)
Total changes from financing cash flows	8,746	(2,397)	6,349
Other changes			
Addition of properties (non-cash transaction)	—	2,903	2,903
Interest expense	454	266	720
Early termination of lease	—	(45)	(45)
Total liability-related other changes	454	3,124	3,578
At 31 December 2025	15,000	7,001	22,001

36. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the financial assets and financial liabilities recognised at the end of reporting period were categorised as follows:

	2025 RMB'000	2024 RMB'000
Financial assets		
— at amortised cost	**2,172,804**	2,113,469
— at fair value through profit or loss	**26,910**	25,329
— at fair value through other comprehensive income	**48,778**	26,363
	2,248,492	2,165,161
Financial liabilities		
Financial liabilities at amortised cost	**164,102**	130,084

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include, trade and other receivables, loan receivables, cash and cash equivalents, trade and other payables, bank borrowings and lease liabilities.

(b) Financial instruments measured at fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of investments held for trading with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market price; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

HKFRS 13 requires disclosures for financial instruments that are measured at fair value by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data.

36. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

(b) Financial instruments measured at fair value (Continued)

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Description	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000	Fair value hierarchy	Valuation technique and key input	Significant unobservable input
Financial assets at fair value through profit or loss					
— Wealth management product	**5,000**	5,148	Level 3	Quoted prices from financial institutions	Expected rate of return ranging from 0.93%–1.78% (31 December 2024: 2.10%–2.59%)
— Unlisted investment fund	**21,910**	20,181	Level 3	Valuations making reference to market capitalisations of comparable companies engaged in the same industry	Selection of comparable companies and weighting of the selected companies used in valuation
Financial assets at fair value through other comprehensive income					
— Listed equity securities	**48,778**	26,363	Level 1	Quoted market prices	N/A

For the financial assets at fair value through profit or loss, it consisted of wealth management products and unlisted investment fund as detailed in note 20 and note 24.

Wealth management products represent bank wealth management products, measured at fair value through profit or loss. These instruments are not traded in an active market and do not have observable market data. The fair value of the unlisted investment is based on quote provided by the financial institution. The fair value is within level 3 of the fair value hierarchy.

The fair value of unlisted investment fund is arrived at based on a valuation carried out by Flagship Appraisals and Consulting Limited, an independent valuer not connected to the Group. The fair value was determined based on market approach, where fair value estimated with references to comparable companies' benchmark multiples.

For the financial assets at fair value through other comprehensive income, it consisted listed equity securities as detailed in note 20.

The fair value of listed equity securities investments was determined based on the quoted market closing prices on the Stock Exchange.

37. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2025 and 2024 were as follows:

Company name	Place of incorporation and operation/kind of legal entity	Date of incorporation/ establishment	Registered/Issued and paid-up capital	Effective equity interests held 31 December		Principal activities
				2025	2024	
Directly owned:						
Health Access Limited	Hong Kong/Limited liability company	29 June 2011	480,026,001 ordinary shares of HK$1 each	**100%**	100%	Investment holding
Medfusion Holdings Limited	The British Virgin Islands/ Limited liability company	23 August 2021	USD5,000	**100%**	100%	Investment holding
Medcore Holdings Limited	The British Virgin Islands/ Limited liability company	26 August 2021	USD5,000	**100%**	100%	Investment holding
Indirectly owned:						
PW Medtech (Beijing) Limited (普華和順(北京)醫療科技有限公司 "PW Medtech (Beijing)")	PRC/Limited liability company	10 August 2000	RMB154,300,000	**100%**	100%	Investment holding
Medfusion Investment Limited (邁福潤投資有限公司)	Hong Kong/Limited liability company	3 September 2021	HKD1,000	**100%**	**100%**	Investment holding
Medcore Investment Limited (美宜科投資有限公司)	Hong Kong/Limited liability company	3 September 2021	HKD1,000	**100%**	100%	Investment holding
Beijing Fert Technology Co., Ltd. (北京伏爾特技術有限公司)	PRC/Limited liability company	23 September 1997	RMB126,000,000	**100%**	100%	Infusion Set Business
Xuzhou Yijia Medical Device Co., Ltd. (徐州一佳醫療器械有限公司 "Xuzhou Yijia")	PRC/Limited liability company	30 June 2003	RMB13,841,000	**100%**	100%	Infusion Set Business
Beijing Zhong Jie Tian Gong Medtech Co., Ltd. (北京中傑天工醫療科技有限公司)	PRC/Limited liability company	22 September 2011	RMB10,000,000	**100%**	100%	Infusion Set Business
Beijing Fert Medtech Co., Ltd. (北京伏爾特醫療科技有限公司)	PRC/Limited liability company	18 October 2016	RMB20,000,000	**100%**	100%	Infusion Set Business
Beijing Jun Tai Sheng Yue Technology Co., Ltd (北京君泰盛悅技術有限公司)	PRC/Limited liability company	13 March 2018	RMB300,000	**100%**	100%	Infusion Set Business
Beijing Le Gu Kang Jie Medtech Limited (北京樂谷康傑醫療技術有限公司)	PRC/Limited liability company	12 July 2018	RMB5,000,000	**100%**	100%	Infusion Set Business
Beijing Pufeng Medical Management Co., Ltd. (北京普峰醫療管理有限公司)	PRC/Limited liability company	10 September 2019	RMB5,000,000	**100%**	100%	Infusion Set Business
北京伏爾特醫療器械有限公司 (note (i) and (vi))	PRC/Limited liability company	23 September 2024	RMB10,000,000	**100%**	100%	Infusion Set Business
Jiangxi PW Medtech Medical Device Co., Ltd. (江西普華禾順醫療器械有限公司)	PRC/Limited liability company	16 September 2021	RMB2,000,000	**100%**	100%	Infusion Set Business
Beijing Ruijian High-Tech Biological Technology Co., Ltd (北京瑞健高科生物科技有限公司) (note (vi))	PRC/Limited liability company	10 August 2000	RMB20,089,000	**58.2%**	58.2%	Regenerative Medical Biomaterial Business
康達瑞泰(北京)生物科技有限公司 (note (i))	PRC/Limited liability company	13 May 2024	RMB500,000	**58.2%**	58.2%	Regenerative Medical Biomaterial Business

37. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries at 31 December 2025 and 2024 were as follows: (Continued)

Company name	Place of incorporation and operation/kind of legal entity	Date of incorporation/ establishment	Registered/Issued and paid-up capital	Effective equity interests held 31 December		Principal activities
				2025	2024	
Sichuan Ruijian Medical Technology Co. Ltd. (四川睿健醫療科技股份有限公司) ("Sichuan Ruijian Medical")	PRC/Limited liability company	6 August 2013	RMB306,930,000	**48.49%**	48.49%	Blood Purification business
成都歐賽醫療器械有限公司 (note (ii))	PRC/Limited liability company	19 January 2005	RMB20,000,000	**48.49%**	48.49%	Blood Purification business
成都睿爾科維醫療器械有限責任公司 (note (iii))	PRC/Limited liability company	6 August 2019	RMB5,000,000	**48.49%**	48.49%	Blood Purification business
成都慕道爾精密模塑有限公司 (note (v))	PRC/Limited liability company	3 September 2018	RMB10,000,000	**48.49%**	48.49%	Blood Purification business
廣州歐賽醫療器械有限公司 (formerly known as 廣州賽諾康醫療器械有限公司 (note (v))	PRC/Limited liability company	17 March 2021	RMB30,000,000	**33.94%**	45.94%	Blood Purification business

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

Notes:

(i) The subsidiary incorporated of during the year ended 31 December 2024.

(ii) Medcore Investment, a wholly-owned subsidiary of the Company, has 48.49% equity interest in Sichuan Ruijian Medical. Although the Group has effective equity interest in Sichuan Ruijian Medical of 48.49%, Medcore Investment had an agreement with the Original Minority Shareholders ensures that their voting rights are exercised in conjunction with Medcore, granting Medcore Investment over 50% of the voting rights on the board.

(iii) Sichuan Ruijian Medical, a partly-owned subsidiary of the Company, has 100% equity interest in 成都歐賽醫療器械有限公司 and 成都睿爾科維醫療器械有限責任公司.

(iv) 成都歐賽醫療器械有限公司, a partly-owned subsidiary of the Company, has 100% equity interest in 成都慕道爾精密模塑有限公司.

(v) 成都睿爾科維醫療器械有限責任公司, a partly-owned subsidiary of the Company, has 70% equity interest in 廣州歐賽醫療器械有限公司.

(vi) As at 31 December 2025, certain subsidiaries' registered capital has not been fully paid up and aggregated unpaid share capital comprised of approximately RMB11,816,000 (equivalent to approximately HKD13,082,000). (2024: RMB12,138,000 (equivalent to approximately HKD13,107,000).

38. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Investments in and loans to subsidiaries		**419,969**	419,969
Financial assets at fair value through other comprehensive income		**48,778**	26,363
Total non-current assets		**468,747**	446,332
Current assets			
Amounts due from subsidiaries		**2,142,217**	2,314,826
Other receivables		**28,795**	29,034
Cash and cash equivalents		**142,386**	154,457
Total current assets		**2,313,398**	2,498,317
TOTAL ASSETS		**2,782,145**	2,944,649
Current liabilities			
Amounts due to subsidiaries		**259,221**	257,410
Trade and other payables		**7,463**	8,528
Total current liabilities		**266,684**	265,938
NET ASSETS		**2,515,461**	2,678,711
EQUITY			
Equity attributable to owners of the Company			
Share capital	29	**897**	939
Share premium		**1,392,707**	1,456,478
Treasury Shares		**(2,746)**	(46,800)
Other reserves		**284,625**	292,367
Retained earnings		**839,978**	975,727
TOTAL EQUITY		**2,515,461**	2,678,711

The statement of financial position of the Company was approved by the Board of Director on 27 March 2026 and was signed on its behalf by:

Yue'e Zhang
DIRECTOR

LIN Junshan
DIRECTOR

38. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY (Continued)

(b) Reserves movement of the Company

	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2024	1,489,876	—	291,641	1,095,633	2,877,150
Profit and total comprehensive income for the year	—	—	—	14,460	14,460
Change in fair value of financial assets at fair value through other comprehensive income	—	—	(15,760)	—	(15,760)
Currency translation differences	—	—	16,486	—	16,486
Buy-back shares	—	(80,221)	—	—	(80,221)
Cancellation of shares	(33,398)	33,421	—	—	23
2023 dividend paid	—	—	—	(71,661)	(71,661)
2024 interim dividend paid	—	—	—	(62,705)	(62,705)
At 31 December 2024	**1,456,478**	**(46,800)**	**292,367**	**975,727**	**2,677,772**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**(5,395)**	**(5,395)**
Change in fair value of financial assets at fair value through other comprehensive income	**—**	**—**	**(23,371)**	**—**	**(23,371)**
Currency translation differences	**—**	**—**	**15,629**	**—**	**15,629**
Buy-back shares	**—**	**(19,759)**	**—**	**—**	**(19,759)**
Cancellation of shares	**(63,771)**	**63,813**	**—**	**—**	**42**
2024 dividend paid	**—**	**—**	**—**	**(71,859)**	**(71,859)**
2025 interim dividend paid	**—**	**—**	**—**	**(58,495)**	**(58,495)**
At 31 December 2025	**1,392,707**	**(2,746)**	**284,625**	**839,978**	**2,514,564**

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Market risk

(i) Foreign exchange risk

The Group's major operational activities are carried out in the PRC and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to the Hong Kong dollar ("HK$") and the United States dollar ("US$"). The Group does not hedge against any fluctuation in foreign currency during the year. Management may consider entering into currency hedging transactions to manage the Group's exposure towards fluctuations in exchange rates in the future.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As at 31 December 2025, if HK$ and US$ had strengthened/weakened by 3% against RMB (2024: 3%) with all other variables held constant, which were considered reasonably possible at each of the dates by management, the profit for the year would have been approximately RMB4,248,000 (2024: RMB11,409,000) higher/lower, mainly as a result of foreign exchange differences on translation balances of cash and cash equivalents and bank loan denominated as below:

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents — denominated in		
RMB	**1,612,872**	1,174,921
HK$	**46,411**	7,361
US$	**141,821**	498,272
EUR	**1,737**	1,430
Total	**1,802,841**	1,681,984

(ii) Price risk

The Group exposes to commodity price risk, mainly due to the fluctuations in prices of plastic, which are the key raw materials to the Group's products. During the year, the management considers the price risk exposure is not material, and the Group has the flexibility to pass the increases in raw material costs to the Group's customers.

(b) Credit risk

The carrying amounts of cash and cash equivalents, trade and other receivables and loan receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problems.

The credit risk of bank balances is limited because the counterparties are banks with good reputation and most of them are state-owned commercial banks in China or public listed companies. Most of the bank deposits of the Group are placed with commercial banks with an acceptable credit rating.

For trade and other receivables, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Most of these balances are due from stated-owned enterprises or major customers with good repayment history. There was no material default of the balances in the past.

Trade receivables

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicated significantly different loss patterns for different customer segments, the grouping for trade receivables for the assessment of ECLs is by customer segments, while Group A represents normal distribution customers, Group B represents hospital customers, Group C represents distributor customers who identified as having significant increase in risk of default and Group D represents three credit-impaired customers with significant risk of default.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

2025	Group A	Group B	Group C	Group D
Expected credit loss rate (%)	**7.74**	**1.03**	**100**	**58.22**
Gross carrying amount (RMB'000)	**57,741**	**10,141**	**2,296**	**9,775**
Loss allowance (RMB'000)	**4,468**	**104**	**2,296**	**5,691**

2024	Group A	Group B	Group C	Group D
Expected credit loss rate (%)	11.79	2.33	100	53.42
Gross carrying amount (RMB'000)	45,160	23,851	1,874	21,160
Loss allowance (RMB'000)	5,323	555	1,874	11,305

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	**19,057**	21,729
Reversal of impairment losses recognised during the year	**(6,498)**	(2,672)
Balance at 31 December	**12,559**	19,057

Other receivables

Other receivables represent advances due from employee, loan and loan interest receivables and rental income receivables. It is considered to be low risk as the borrower is considered, in the short term, to have a strong capacity to meet its obligations, and therefore the impairment provision is determined as 12 months expected credit losses. The loss allowance for debt investments as a result of applying the expected credit risk model was immaterial.

Amount due from a related party

In assessing credit risk exposure from other receivables, the management individually assessed the credit loss of amount due from a related party that have been long outstanding and assessed to be credit-impaired. As at 31 December 2025, provision for impairment loss on the amount due form a related party of RMB1,220,000 (2024: RMB nil) was recognised.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

The following table details the remaining contractual maturities at the year end of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the year end) and the earliest date the Group may be required to pay.

The Group	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000
2025					
Non-derivatives:					
Trade and other payables	**142,101**	**142,101**	**142,101**	**—**	**—**
Lease liabilities	**7,001**	**7,436**	**2,481**	**2,554**	**2,401**
Bank borrowings	**15,000**	**15,454**	**15,454**	**—**	**—**
	164,102	**164,991**	**160,036**	**2,554**	**2,401**
2024					
Non-derivatives:					
Trade and other payables	118,010	118,010	118,010	—	—
Lease liabilities	6,274	6,854	1,938	1,473	3,443
Bank borrowings	5,800	6,200	200	6,000	—
	130,084	131,064	120,148	7,473	3,443

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. As at 31 December 2025, the gearing ratio of the Group was approximately 0.31% (2024: 0.12%). This ratio is calculated as total borrowings divided by total capital. Total borrowings are bank borrowings as shown in the consolidated statement of financial position. Total capital is calculated as "total equity" as shown in the consolidated statement of financial position plus bank borrowings.

PW MEDTECH GROUP LIMITED

普华和顺集团公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01358.HK)

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