ACOTEC

先瑞達醫療科技控股有限公司
Acotec Scientific Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 6669

2024
Annual Report

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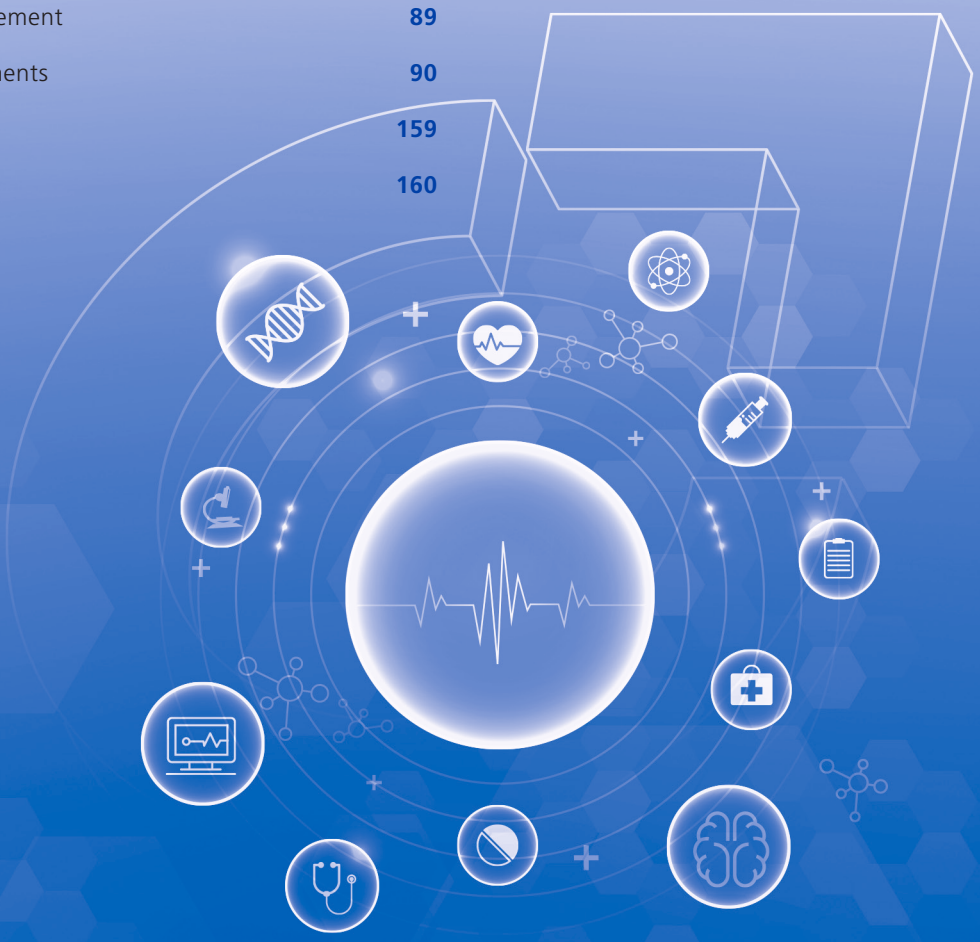

Corporate Information

BOARD OF DIRECTORS

Executive Director

Ms. Jing LI *(Chairperson of the Board)*
Mr. Silvio Rudolf SCHAFFNER
(re-designated as a non-executive director with effect from June 12, 2024)

Non-executive Directors

Mr. Silvio Rudolf SCHAFFNER
(re-designated as a non-executive director with effect from June 12, 2024)
Mr. Arthur Crosswell BUTCHER
Ms. June CHANG

Independent Non-executive Directors

Dr. Yuqi WANG
Ms. Hong NI
Ms. Kin Yee POON

REMUNERATION COMMITTEE

Dr. Yuqi WANG *(Chairperson)*
Ms. Hong NI
Ms. Jing LI

NOMINATION COMMITTEE

Dr. Yuqi WANG *(Chairperson)*
Ms. Hong NI
Ms. Jing LI

AUDIT COMMITTEE

Ms. Kin Yee POON *(Chairperson)*
Dr. Yuqi WANG
Ms. June CHANG

JOINT COMPANY SECRETARIES

Mr. Chen LI
Ms. Ching Yi LI

AUTHORISED REPRESENTATIVES

Ms. Jing LI
Ms. Ching Yi LI

COMPLIANCE ADVISER

Soochow Securities International Capital Limited
17/F, Three Pacific Place
1 Queen's Road East
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PRINCIPAL BANKERS

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Beijing
PRC

COMPANY WEBSITE

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REGISTERED OFFICE

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CORPORATE HEADQUARTERS

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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26th Floor, Central Plaza
18 Harbour Road
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AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8/F Prince's Building
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Hong Kong

STOCK CODE

6669

Financial Highlights

	Year ended December 31, 2024 RMB'000	Year ended December 31, 2023 RMB'000	Year-on-year change
Revenue	**533,988**	473,848	12.7%
Gross profit	**402,722**	377,415	6.7%
Profit before tax	**52,601**	14,452	264.0%
Profit for the year	**52,280**	14,487	260.9%

	Year ended December 31, 2024 RMB'000	Year ended December 31, 2023 RMB'000	Year-on-year change
Financial Position			
Non-current asset	**452,002**	399,933	13.0%
Current assets	**1,210,572**	1,211,124	0.0%
Total assets	**1,662,574**	1,611,057	3.20%
Non-current liabilities	**177,967**	198,284	-10.2%
Current liabilities	**134,791**	116,245	16.0%
Total liabilities	**312,758**	314,529	-0.6%
Total equity	**1,349,816**	1,296,528	4.11%

Chairperson's Statement

Dear Shareholders,

Once a meeting, always a connection.

Bid farewell to the old year and usher in a year of expectation and prosperity. Acotec is pleased to present our fourth annual report. We sincerely appreciate your rendering unwavering support for our original aspirations and for defending our expectations, as we strive to explore and transform them into reality. As we believe, the stars will shine brightly again at the lapse of a cold winter, as long as we remain persistent and pragmatic.

As of December 31, 2024, our total revenue amounted to RMB534.0 million, representing a year-on-year increase of 12.7% from 2023. Gross profit amounted to RMB402.7 million, representing a year-on-year increase of 6.7% from 2023. Following the launch of our Peripheral Aspiration System in 2021, the first product in the peripheral venous field, the proportion of revenue from our venous intervention, vascular access, and other products began to increase gradually, among which, the revenue in 2024 amounted to RMB213.7 million, representing a year-on-year increase of 42.2%, while the proportion of total revenue increased from 31.7% in 2023 to 40.0%, as compared to only 1.5% in 2021. Over four years, we have been accumulating experiences, stockpiling resources, and developing product lines. Now, our diversified revenue structure has become increasingly robust.

From a personal perspective, Acotec's performance over the past year can be characterized by the expression "record breaking". Throughout the year, we have achieved new milestones in several areas:

A record high number of product launches: Last year, we introduced seven products to the market, including the Paclitaxel-Eluting Coronary Balloon Dilation Catheter AcoArt Camellia®, the Cardiac Valve Balloon Dilation Catheter RunFlow®, and the AV Scoring Balloon Dilation Catheter Peridge®, setting a new high for product launches;

A record high number of product hospital admissions: Last year, the number of hospitals adopting our products surpassed 2,000, also setting another historical high; and

A record-breaking revenue: Our total revenue of RMB534.0 million reached a historic milestone.

Regarding international expansion: Our collaboration with Boston Scientific in product sales is progressing as scheduled, while our joint efforts in new product development are also unfolding.

Despite a challenging environment, we firmly believe that results are shaped by determination. Faced with an evolving landscape dominated by uncertainties, we have risen against the tide, reaching unprecedented heights. That is the destination every "goer" will eventually reach.

We firmly believe that perseverance leads to success, and consistent effort brings lasting achievement. Despite more challenges lurking in the upcoming year, we look forward to creating more breakthroughs.

May we meet again next year.

Ms. Jing LI
Chairperson of the Board, Executive Director and CEO

Hong Kong, March 24, 2025

Management Discussion and Analysis

BUSINESS REVIEW

We are a global leading medical device technology platform company in China. Leveraging on our four unique technology platforms (including drug-coating technology, radiofrequency ablation technology, polymer material technology and aspiration platform technology), we are focusing on the provision of solutions of cutting-edge intravascular interventional treatments. We have already built more than 30 product pipelines so far, which are capable of providing endovascular minimally-invasive interventional solutions for four areas consisting of vascular surgery, cardiology, nephrology and neurology. Based on the extendability and efficiency of our four technology platforms, we wish to leverage on our advantages in production and research through continuous innovation and continue to meet clinical needs for vascular interventional treatments, so as to provide solutions of full-body vascular interventional treatments to patients worldwide and safeguard their health and wellness.

BUSINESS HIGHLIGHTS

In 2024, we continued to drive innovation and iteration in technology and processes and achieved significant progress in product research and development. During the Reporting Period, our three products completed product finalization, two products were under clinical trials, six products had applied for registration with the NMPA, and seven products had been approved by the NMPA for marketing. In 2024, we successfully registered 11 patents and applied for registration of 16 additional patents.

Besides our significant progress in research and development, our admission efforts to hospital are also advancing. As of December 31, 2024, our ATK DCB (Above-The-Knee Drug-Coated Balloons) had been admitted into 1,800 hospitals (1,600 hospitals as of December 31, 2023); our BTK DCB (Below-The-Knee Drug-Coated Balloons) had been admitted into 820 hospitals (770 hospitals as of December 31, 2023); our Peripheral Aspiration System (AcoStream®) had been admitted into 1,760 hospitals (1,300 hospitals as of December 31, 2023); and our Radiofrequency Ablation System (AcoArt Cedar®), which was approved by the NMPA in April 2022, had been admitted into 680 hospitals (350 hospitals as of December 31, 2023). These numbers are expected to continuously grow.

The stable and positive direction of our production and research contributed to the rapid growth of our annual revenue directly. For the Reporting Period, our revenue was approximately RMB534.0 million, representing a year-on-year increase of approximately 12.7%. Our Core Products, AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, were the major contributors of our revenue.

We have established a diversified and innovative product pipeline layout, with several products being launched within 2024.

In 2024, we obtained the NMPA approvals for seven of our products. Two products were approved in the field of vascular surgery: the Introducer Sheath Set (Acotrace) and the Delivery Catheter for Aspiration Catheter. Four products were approved in the field of cardiology, including the Coronary High-Pressure Dilatation Balloon (YIYAN), Coronary CTO Retrograde Micro-Catheter (Vericor-RS®), Cardiac Valve Balloon Dilation Catheter (RunFlow®), and the Paclitaxel-Eluting Coronary Balloon Dilatation Catheter (AcoArt Camellia®). Additionally, we received approval for the AV Scoring Balloon (Peridge®) in nephrology. These approvals have enhanced our product portfolio and expanded our market presence.

We continued to diversify our business by launching new products and accelerating our globalization process.

In 2024, in addition to revenue generated from our Core Products, we continued to diversify our revenue stream from venous intervention, vascular access and other products (primarily including but not limited to Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), Radiofrequency Ablation System (AcoArt Cedar®) and PTA balloons products (AcoArt Iris® & Jasmin® and AcoArt Lily® & Rosmarin®)), which contributed a revenue of approximately RMB213.7 million, accounting for approximately 40.0% of the total revenue. As of December 31, 2024, we had obtained market approvals for eleven products in vascular surgery, seven products in cardiology, two products in nephrology and one product in neurology. We anticipate that these approved products will contribute to sustained revenue generation, thereby enhancing the diversification of our income sources.

In 2024, our international business development accelerated. We further expanded the overseas reach of our products and we have completed the preparatory work for ATK DCB, BTK DCB to enter the markets of Chile, Austria, Finland, Sweden, the Netherlands, the United Kingdom and Poland. Additionally, we are actively progressing through the regulatory registration and market access processes in other overseas countries. In July 2023, we entered into a master collaboration agreement (the "**Master Collaboration Agreement**") and a master service agreement (the "**Master Service Agreement**", together with the Master Collaboration Agreement, the "**Framework Agreements**") with Boston Scientific Group plc, outlining collaboration in product commercialization, manufacturing services and product development over the next three years. Please refer to our Company's announcement dated July 20, 2023 and circular dated July 28, 2023 for further details. The signing of these two Framework Agreements enables us to seize vast sales opportunities globally and elevate our brand influence. We are of the view that the acceleration of our internationalization progress will further diversify our sources of income and facilitate us to respond to market changes more flexibly.

Our product pipelines were comprehensive and diversified.

We have cultivated a diverse product portfolio spanning vascular surgery, cardiology, nephrology and neurology, comprising more than 30 products. Our early recognition of the treatment demand for venous vascular disease prompted us to proactively develop products in this area, allowing us to gain a first-mover advantage in the market. The rapid revenue growth generated from venous intervention products following their market approval stand as a testament to our expertise in pipeline development. This remarkable achievement is attributable to two reasons: our insight into judgment of and prediction of market potentials and our first-class execution capabilities. We will continue to introduce competitive products to the market.

In November 2023, the Group received the approval of IDE (Investigational Device Exemption) application for AcoArt Litos® from the FDA, this marks a significant milestone in advancing the product's market entry in the U.S. As of the date of this annual report, we have activated clinical trial sites in the U.S. and Europe and have already enrolled a number of patients globally. In December 2023, we released clinical trial data for our intracranial DCB (AcoArt Daisy®). The 6-month follow-up showed the target vessel restenosis rate of 6.85% for the DCB group, which was significantly lower than that of the Stent group. This confirms the significant clinical efficacy and good safety of the AcoArt Daisy® in the treatment of intracranial atherosclerotic stenosis (ICAS).

We continued to strengthen our efforts in clinical promotions and promote the innovation of clinical therapies of vascular intervention.

Since the launch of AcoArt Orchid® & Dhalia®, our first and China's first peripheral DCB product, we have already initiated our efforts in clinical promotion and education. Since the commencement of research and development of our products, we have never been slack in our promotion efforts in clinical treatments. We have been promoting the innovation of clinical therapies of vascular intervention, so as to provide brand-new solutions for intravascular diseases to patients.

We will continue to carry on the market cultivation of our new products, so as to provide new treatment methods to clinical patients.

We continued to reinforce our talent pool and improve our team building.

As of December 31, 2024, we had 650 employees in total. The number of members of our research and development team increased to 131, and the expertise our technical team covers material science, mechanical design, chemistry and biomedical engineering. During the Reporting Period, we have conducted campus recruitment at several top-tier universities. This strategic endeavor enabled us to enrich our team with professional talents in fields such as, among others, mechanical design, polymer materials, clinical medicine and pharmaceuticals, which further enhanced our talent pool. We believe that the support of talents with different expertise will accelerate the implementation of our multi product pipeline projects.

BUSINESS OVERVIEW

We carried out in-depth investigations and discussion in respect of artery diseases, vein diseases, and vascular aneurysm, and we prepared for our business presence in these sectors. During the Reporting Period, we obtained the NMPA approvals for seven of our products. Two products were approved in the field of vascular surgery: the Introducer Sheath Set (Acotrace) and the Delivery Catheter for Aspiration Catheter. Four products were approved in the field of cardiology, including the Coronary High-Pressure Dilatation Balloon (YIYAN), Coronary CTO Retrograde Micro-Catheter (Vericor-RS®), Cardiac Valve Balloon Dilation Catheter (RunFlow®), and the Paclitaxel-Eluting Coronary Balloon Dilatation Catheter (AcoArt Camellia®). Additionally, we received approval for the AV Scoring Balloon (Peridge®) in nephrology. The progress of production development had been advancing at a quick pace.

PRODUCT PIPELINE

Our products and product candidates are Class I, Class II and Class III medical devices under the classification criteria of the NMPA. The following chart summarizes the key information of our full product portfolio as of the date of this annual report, including 22 commercialized products, the indication expansion for our Core Products in one therapeutic area, and 10 additional product candidates:

Department	Products and Product Candidates	Indications / Applications	Key Technologies	Phase				Upcoming Milestone
				Area	Pre-clinical Studies	Clinical Studies	Registration	
Vascular Surgery	AcoArt Orchid® & Dhalia®/Orchid Plus ★ Note 1	Superficial femoral artery (SFA) and popliteal artery (PPA) disease	Drug coating technology	China	✓	✓	NMPA Approval ★	/
				EU	✓	✓	CE ★	/
	AcoArt Tulip®& Litos® ★	Below-the-knee (BTK) artery disease	Drug coating technology	China	✓	✓	NMPA Approval ★	/
				EU	✓	✓	CE ★	/
				U.S.	✓	FDA IDE Approval		
	AcoArt Iris® & Jasmin®	PTA Balloon applied in PTA procedure	Polymer materials	China	✓	✓	NMPA Approval ★	/
	AcoArt Lily® & Rosmarin®	PTA Balloon applied in PTA procedure	Polymer materials	China	✓	✓	NMPA Approval ★	/
	Peripheral Aspiration System (AcoStream®)▲	DVT, ALI	Aspiration platform	China	✓	Exempted from clinical trial	NMPA Approval ★	/
				Brazil	✓		ANVISA Approval ★	/
	Radiofrequency Ablation System (AcoArt Cedar®)	Saphenous varicose veins	RF platform	China	✓	✓	NMPA Approval ★	/
	Peripheral Support Catheter (Vericor®)▲	Peripheral CTO lesion	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
				U.S.	✓		FDA Approval ★	/
				Brazil	✓		ANVISA Approval ★	/
				Thailand	✓		TFDA Approval ★	/
				Japan	✓		MHLW Approval ★	/
	PTA Balloon (P-Conic®) ▲	PTA	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®)▲	DVT, ALI	Aspiration platform	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	Introducer Sheath Set (Acotrace)▲	PTA	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	Delivery Catheter for Aspiration Catheter▲	PTA	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	Lower Limb Sirolimus DCB	SFA and PPA disease	Drug coating technology	China	✓	✓		2026
	Peripheral Scoring Balloon	SFA and PPA disease	Polymer materials	China	✓	✓		2025
	Peripheral Coil	Embolization	Polymer materials	China	✓	✓		2025
	Peripheral Thrombectomy Device	DVT, ALI and PE	Polymer materials	China	✓	✓		2025
	Microguidewire▲	PTA	Polymer materials	China	✓	Exempted from clinical trial		2025
Cardiology	Semi-compliant PTCA Balloon (YAN)	PTCA	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	Coronary CTO Recanalization Balloon (RT-Zero®)▲	Coronary CTO	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	Coronary CTO Antegrade Micro-Catheter (Vericor-14®) ▲	Coronary CTO	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
				Japan	✓		MHLW Approval ★	/
				Thailand	✓		TFDA Approval ★	/
	Coronary CTO Retrograde Micro-Catheter (Vericor-RS®) ▲	Coronary CTO	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	Coronary High-Pressure Balloon (YIYAN)	PTCA	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	Cardiac Valve Balloon (RunFlow®)	TAVR	Polymer materials	China	✓	✓	NMPA Approval ★	/
	AcoArt Camellia® (DCB)	Coronary small vessel diseases	Drug coating technology	China	✓	✓	NMPA Approval ★	/
	Coronary Micro-Catheter (Vericor-S2®)▲ Note 2	PCI	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	Coronary Sirolimus DCB	Bifurcation lesions	Drug coating technology	China	✓	✓		2025
	Coronary IVL System	Coronary lesion calcium	Polymer materials	China	✓	✓		2027
Nephrology	AcoArt Orchid®& Dhalia®/Orchid Plus ☆(DCB)	Arteriovenous fistula stenosis	Drug coating technology	China	✓	✓	NMPA Approval ★	/
	Paclitaxel Coated High-pressure Balloon (ACOART AVENS®)	AVF PTA procedure	Drug coating technology	China	✓	✓	NMPA Approval ★	/
	AV Scoring Balloon (Peridge®)	AVF PTA procedure	Polymer materials	China	✓	✓	NMPA Approval ★	/
	High-Pressure Balloon Catheter	AVF PTA procedure	Polymer materials	China	✓	✓		2025
Neurology	Intracranial PTA Balloon (NEO-Skater®)▲	Intracranial PTA procedure	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	AcoArt Verbena®& Vinca® (DCB)	Vertebral atherosclerotic stenosis	Drug coating technology	China	✓	✓		2025
	AcoArt Daisy® (DCB)	Intracranial atherosclerotic stenosis	Drug coating technology	China	✓	✓		2025

★Core product ☆ Indication expansion of core product ★Commercialization

▲Exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄》) promulgated by the NMPA, as amended.

Note:

1. We have been continuously improving the performance of AcoArt Orchid® & Dhalia™. As advised by NMPA and as part of our business strategy, we decided not to register Orchid Plus as a separate product. Alternatively, we applied to register Orchid Plus as an upgrade version of AcoArt Orchid® & Dhalia® with improved delivery balloon catheter system, and received the revised NMPA approval for AcoArt Orchid® & Dhalia® in November 2021.

2. Coronary Micro-Catheter (Vericor-S2®) obtained the registration approval from the NMPA on January 20, 2025.

3. We have updated our product candidates in our product pipelines in order to accommodate the market demands.

Our Core Products

1. AcoArt Orchid® & Dhalia®

AcoArt Orchid® & Dhalia® is a paclitaxel DCB used to prevent stenosis or occlusion in superficial femoral artery (SFA) and popliteal artery (PPA) for the treatment of lower extremity artery disease (LEAD) with a vascular interventional approach. It is compatible with the guidewire of 0.035" (AcoArt Orchid®) and 0.018" (AcoArt Dhalia®).

We received the CE Marking for AcoArt Orchid® in 2014 and the NMPA approval for AcoArt Orchid® & Dhalia® in 2016. AcoArt Orchid® & Dhalia® was the first peripheral DCB product launched in China. As of December 31, 2024, we had also launched AcoArt Orchid® in Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain, Turkey, Thailand and Brazil, and completed the preparatory work to enter the markets of Chile, Austria, Finland, Sweden, the Netherlands, the United Kingdom and Poland. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

We are expanding the indications of AcoArt Orchid® & Dhalia® to address the underserved medical needs. In May 2018, we initiated an RCT for our AcoArt Orchid® & Dhalia® indicated for treating AVF stenosis in China to evaluate its safety and efficacy. The RCT enrolled a total of 244 trial subjects in 11 hospitals in China, with the General Hospital of People's Liberation Army as the principal investigator institution. The 244 subjects were randomized in a 1:1 ratio to a study group, where the subjects receive the treatment using AcoArt Orchid® & Dhalia®, and a control group, where the subjects receive the treatment using PTA balloons. We have completed the six-month follow-ups and the twelve-month follow-ups for all the trial subjects. According to the six-month follow-ups statistics, patency rate of DCB group is 91.4%, as comparing to the 66.9% patency rate for PTA group. According to the twelve-month follow-ups statistics, patency rate of DCB group is 66.1%, as compared to the 46.4% patency rate for PTA group. In nephrology, we received the updated registration certificate from the NMPA for the indication expansion of AcoArt Orchid® & Dhalia® for treating AVF stenosis in July 2022.

We have been continuously improving the performance of AcoArt Orchid® & Dhalia®. As advised by NMPA and as part of our business strategy, we decided not to register Orchid Plus as a separate product. Alternatively, we applied to register Orchid Plus as an upgrade version of AcoArt Orchid® & Dhalia® with improved delivery balloon catheter system, and received the revised NMPA approval for AcoArt Orchid® & Dhalia® in November 2021.

For the Reporting Period, our revenue generated from the sales of AcoArt Orchid® & Dhalia® in China and overseas amounted to approximately RMB267.0 million, representing year-on-year decrease of approximately 2.7%.

2. AcoArt Tulip® & Litos®

AcoArt Tulip® & Litos® is a paclitaxel coated DCB used to prevent stenosis or occlusion in below-the-knee (BTK) arteries for the treatment of chronic limb-threatening ischemia with a vascular interventional approach. It is compatible with the guidewire of 0.018" (AcoArt Tulip®) and 0.014" (AcoArt Litos®). We received the CE Marking for AcoArt Tulip® & Litos® in 2014, the FDA "breakthrough device" designation for AcoArt Litos® in 2019 and the NMPA approval for market for AcoArt Tulip® & Litos® in December 2020, and successfully launched it in China in January 2021. As of December 31, 2024, we had also launched AcoArt Tulip® & Litos® in Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain, Turkey and Brazil, and completed the preparatory work to enter the markets of Chile, Austria, Finland, Sweden, the Netherlands, the United Kingdom and Poland. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

In January 2022, we submitted an IDE application for AcoArt Litos® Paclitaxel Coated Percutaneous Transluminal Angioplasty (PTA) Balloon Catheter to the Center for Devices and Radiological Health of the FDA. In November 2023, the Group received the approval of IDE (Investigational Device Exemption) application from the US Food and Drug Administration (FDA). As of the date of this annual report, we have activated clinical trial sites in the U.S. and Europe and have already enrolled a number of patients globally.

For the Reporting Period, our revenue generated from the sales of AcoArt Tulip® & Litos® in China and overseas amounted to approximately RMB53.3 million, representing a year-on-year increase of approximately 8.8%.

Other Key Product Candidates

In vascular surgery, other than our Core Products, we have nine other commercialized products and five product candidates in pipeline. In cardiology, we have eight commercialized products and two product candidates in pipeline. In nephrology, we have two commercialized products and one product candidate in pipeline. In neurology, we have one commercialized product and two product candidates in pipeline.

Devices Targeting Vascular Surgery

Other than our Core Products, we have nine commercialized products, namely AcoArt Iris® & Jasmin®, AcoArt Lily® & Rosmarin®, Peripheral Aspiration System (AcoStream®), Radiofrequency Ablation System (AcoArt Cedar®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), Peripheral Support Catheter (Vericor®), PTA Balloon (P-Conic®), the Delivery Catheter for Aspiration Catheter and the Introducer Sheath Set (Acotrace) and five product candidates in pipeline.

Commercialized Products

1. **AcoArt Iris® & Jasmin®** is a PTA balloon used to open up narrowing or occlusive vessels for the treatment of SFA/PPA lesions with a vascular interventional approach. We received the NMPA approval for AcoArt Iris® & Jasmin® in 2014. We also obtained CE Marking for AcoArt Iris® in 2017. The CE Marking for AcoArt Iris® expired in January 2024. In light of the Company's overseas marketing strategy, we have decided not to renew the registration. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

2. **AcoArt Lily® & Rosmarin®** is a PTA balloon used to open up narrowing or occlusive vessels for the treatment of BTK lesions with a vascular interventional approach. We received the NMPA approval for AcoArt Lily® & Rosmarin® in 2015. We also obtained CE Marking for AcoArt Lily® & Rosmarin® in 2017. The CE Marking for AcoArt Lily® & Rosmarin® expired in January 2024. In light of the Company's overseas marketing strategy, we have decided not to renew the registration. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

3. **Peripheral Aspiration System (AcoStream®)** consists of a single-use suction connection tube, a suction pump and a thrombus aspiration catheter designed for use in the percutaneous aspiration thrombectomy for treatment of lower extremity deep vein thrombosis (DVT). The suction pump of Peripheral Aspiration System (AcoStream®) and the aspiration catheter were approved by the NMPA in August 2021 and November 2021, respectively. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

4. **Radiofrequency Ablation System (AcoArt Cedar®)** consists of a radiofrequency generator and an endovenous radiofrequency catheter. Our Radiofrequency Ablation System (AcoArt Cedar®) is designed for superficial vein closure to treat varicose veins through radiofrequency ablation. We received the NMPA approval in April 2022. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

5. **Peripheral Support Catheter (Vericor®)** is designed to enhance access to peripheral vessels. Our peripheral support catheters are used together with guidewires to recanalize CTO lesions and BTK lesions and to reduce the difficulty of performing surgeries on complex lesions and BTK lesions. We received the NMPA approval in July 2022, and received Brazil ANVISA approval in September 2022, the section 510(k) registration approval from the FDA in November 2022. We further received the registration approval from the Food and Drug Administration of Thailand in March 2023 and registration approval from Ministry of Health, Labour and Welfare ("**MHLW**") in Japan in September 2023. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

6. **PTA Balloon (P-Conic®)** is a percutaneous transluminal angioplasty (PTA) balloon designed for arterial dilation of the lower extremities, with a tapered balloon plus high pressure design for optimal vessel preparation. We received the NMPA approval in December 2022. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

7. **2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®)** is the upgraded product of our peripheral aspiration system. The renewal peripheral aspiration catheter is used for removal of blood clots in human peripheral vascular system with improved design to further enhance the treatment effect and ease of operation. We received the NMPA approval in April 2023. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

8. **Introducer Sheath Set (Acotrace)** is indicated for percutaneous insertion into the vascular system during interventional procedures to facilitate the placement of guidewires and catheter-type medical devices into the blood vessels. We received the NMPA approval in October 2024. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

9. **The Delivery Catheter for Aspiration Catheter** is intended for use in peripheral vascular interventional procedures to assist in the delivery and placement of interventional devices. Specifically designed for the AcoStream® aspiration catheter, its outer wall can perfectly conform to the inner wall of the aspiration catheter without any gaps, thereby achieving better support and pushability, which makes the surgical operation more convenient. We received the NMPA approval in November 2024. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

For the Reporting Period, our revenue from the sales of our venous intervention, vascular access and other products, primarily including but not limited to AcoArt Iris® & Jasmin®, AcoArt Lily® & Rosmarin®, Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®) and Radiofrequency Ablation System (AcoArt Cedar®), and other products was approximately RMB213.7 million, representing a year-on-year increase of approximately 42.2%.

Product Candidates in Pipeline

10. **Lower Limb Sirolimus DCB** is a sirolimus coated balloon product indicated for PAD. Our lower limb sirolimus DCB's therapeutic effect has been preliminary validated by the pig coronary model. Our lower limb sirolimus DCB is currently under clinical trial. We expect to receive the NMPA approval in 2026.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR LOWER LIMB SIROLIMUS DCB SUCCESSFULLY.

11. **Peripheral Scoring Balloon** has a scoring element embedded on the balloon. We have submitted the product registration to the NMPA in 2023 and expect to receive the NMPA approval in 2025.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL SCORING BALLOON SUCCESSFULLY.

12. **Peripheral Thrombectomy Device** features a nitinol retrievable stent and is designed to capture the clot in peripheral veins. We have submitted the product registration to the NMPA in 2024 and expect to receive the NMPA approval in 2025.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL THROMBECTOMY DEVICE SUCCESSFULLY.

13. **Peripheral Coil** is designed to embolize peripheral vessel or aneurysm. We expect to receive the NMPA approval in 2025.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL COIL SUCCESSFULLY.

14. **Microguidewire** is used in peripheral vascularventional inter treatments to facilitate the navigation of instruments through narrow and tortuous vessels. Our microguidewire is currently under development. We expect to receive the NMPA approval in 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR MICROGUIDEWIRE SUCCESSFULLY.

Devices Targeting Cardiology

As of the date of this annual report, we have eight commercialized products, namely Semi-compliant PTCA balloon (YAN), Coronary CTO Recanalization Balloon (RT-Zero®), Coronary CTO Antegrade Micro-Catheter (Vericor-14®), Coronary High-Pressure Balloon (YIYAN), Coronary CTO Retrograde Micro-Catheter (Vericor-RS®), Cardiac Valve Balloon Dilation Catheter (RunFlow®), Paclitaxel-Eluting Coronary Balloon Dilatation Catheter (AcoArt Camellia®), Coronary Micro-Catheter (Vericor-S2®) and two product candidates in pipeline.

Commercialized Products

1. **Semi-compliant PTCA Balloon (YAN)** is a product designed for dilation in coronary artery or coronary artery bypass vessels stenosis to improve myocardial perfusion. YAN is also indicated for dilation of coronary artery occlusive lesions to restore coronary blood flow of ST-segment elevation myocardial infarction (STMI) patients. We received the NMPA approval in December 2022. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

2. **Coronary CTO Recanalization Balloon (RT-Zero®)** is a high-pressure PTCA balloon with a minimum of 0.85mm balloon diameter and a minimum of 0.0160" crossing profile, indicated for dilation in coronary artery stenosis and chronic total occlusion (CTO) lesion to improve myocardial perfusion for patients with coronary ischemia. We received the NMPA approval in March 2023. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

3. **Coronary CTO Antegrade Micro-Catheter (Vericor-14®)** is intended to provide support to facilitate the placement of guide wires in stenotic lesions of the coronary and peripheral vasculatures, and can be used to exchange one guide wire for another. This product is also intended to assist in the delivery of normal saline or contrast media into the coronary and peripheral vasculatures. We received the NMPA approval in April 2023. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

4. **Coronary High-Pressure Balloon (YIYAN)** is designed for dilating in coronary artery or coronary artery bypass vessels stenosis to improve myocardial perfusion. We received the NMPA approval in March 2024. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

5. **Coronary CTO Retrograde Micro-Catheter (Vericor-RS®)** is designed to provide support to facilitate the placement of guide wires in stenotic lesions of the coronary and peripheral vasculatures, and can be used to exchange one guide wire for another. This product is also intended to assist in the delivery of normal saline or contrast media into the coronary and peripheral vasculatures. We received the NMPA approval in March 2024. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

6. **Cardiac Valve Balloon Dilation Catheter (RunFlow®)** is indicated for the dilation of the native aortic valve during transcatheter aortic valve replacement procedures. Its eight-balloon cavity structure design allows smooth blood flow even when the balloons are fully inflated, effectively enhancing the safety of the procedure and simplifying the surgical operation.We received the NMPA approval in September 2024. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

7. **AcoArt Camellia®** is a paclitaxel coated DCB indicated for the treatment of de novo coronary artery lesions with a vessel diameter ranging from 2.0mm to 2.75mm. We received the NMPA approval in November 2024. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

8. **Coronary Micro-Catheter (Vericor-S2®)** is designed for use in percutaneous coronary interventions to guide guidewires through stenotic vascular lesions, providing a channel for guidewire exchange and the delivery of normal saline or contrast media. Coronary Micro-Catheter Vericor-S2® features excellent passability, trackability, and pushability, enabling it to navigate smoothly through stenotic, tortuous, and small vessels. We received the NMPA approval in January 2025. As of the date of this annual report, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

For the Reporting Period, our revenue from the sales of our venous intervention, vascular access and other products (for other products in cardiology, primarily including but not limited to Semi-compliant PTCA balloon (YAN), Coronary CTO Recanalization Balloon (RT-Zero®), Coronary CTO Antegrade Micro-Catheter (Vericor-14®), Coronary High-Pressure Balloon (YIYAN), Coronary CTO Retrograde Micro-Catheter (Vericor-RS®), Cardiac Valve Balloon Dilation Catheter (RunFlow®), Paclitaxel-Eluting Coronary Balloon Dilatation Catheter (AcoArt Camellia®)) was approximately RMB213.7 million, representing a year-on-year increase of approximately 42.2%.

Product Candidates in Pipeline

9. **Coronary Sirolimus DCB** is a sirolimus DCB indicated for the treatment of bifurcation lesions in coronary arteries. We have initiated an RCT for our coronary sirolimus DCB in January 2021 to evaluate the safety and efficacy of sirolimus DCB in treating bifurcation lesions in coronary arteries. We have completed clinical trial for Coronary Sirolimus DCB and submitted the product registration to the NMPA in 2023. We expect to receive the NMPA approval in 2025.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY SIROLIMUS DCB SUCCESSFULLY.

10. **Coronary IVL System** is an intravascular lithotripsy device mounted on a conventional balloon angioplasty. Energizing the lithotripsy device will generate pulsatile energy to disrupt hard calcium among the coronary lesion, to allow subsequent dilation of stenotic lesion with lower balloon pressure and ultimately to reduce the rate of stent implantation. We expect to receive the NMPA approval in 2027.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY IVL SYSTEM SUCCESSFULLY.

Devices Targeting Nephrology

In nephrology, we received the updated registration certificate from the NMPA for the indication expansion of AcoArt Orchid® & Dhalia® for treating AVF stenosis in July 2022. Additionally, we have two commercialized products, namely Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®) and AV Scoring Balloon (Peridge®) and one product candidate in pipeline.

Commercialized Products

1. **Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®)** is used in PTA for treating AVF stenosis of hemodialysis patients. We have improved the product design, optimized coating technology and applied new material to enhance the treatment effect and ease of operation. We received the NMPA approval in April 2023. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

2. **AV Scoring Balloon (Peridge®)** is used for the treatment of stenotic lesions in autologous or synthetic arteriovenous fistulae for hemodialysis. AV Scoring Balloon (Peridge®) provides effective anchoring points and aids in the directed opening of lesions, reducing the incidence and severity of elastic recoil for plaques or proliferative intimal tissue and flow-limiting dissections while dilating the vessel lumen, thereby minimizing excessive vascular injury. We received the NMPA approval for AV Scoring Balloon (Peridge®) in January 2024. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

For the Reporting Period, our revenue from the sales of our venous intervention, vascular access and other products (for other products in nephrology, primarily including but not limited to revenue from Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®) and AV Scoring Balloon (Peridge®)) was approximately RMB213.7 million, representing a year-on-year increase of approximately 42.2%.

Product Candidates in Pipeline

3. **High-Pressure Balloon** is a non-compliant balloon designed for optimal luminal dilation during arteriovenous fistula (AVF) maintenance procedures in hemodialysis patients. Its advanced design ensures sustained vascular patency and improved clinical outcomes. We have submitted the product registration to the NMPA in 2024 and expect to receive the NMPA approval in 2025.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR HIGH-PRESSURE BALLOON SUCCESSFULLY.

Devices Targeting Neurology

As of the end of the Reporting Period, we have one commercialized product, namely Intracranial PTA Balloon (NEO-Skater®), and two product candidates in pipeline.

Commercialized Products

1. **Intracranial PTA Balloon (NEO-Skater®)** is an intracranial PTA balloon to improve perfusion of atherosclerotic intracranial arteries, and it has an improved catheter platform and lubricant coating of the balloon to ensure the passage in a tortuous and narrow vascular environment. We received the NMPA approval in December 2022. As of December 31, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

For the Reporting Period, our revenue from the sales of our venous intervention, vascular access and other products (for other products in neurology, primarily including but not limited to revenue from Intracranial PTA Balloon (NEO-Skater®)) was approximately RMB213.7 million, representing a year-on-year increase of approximately 42.2%.

Product Candidates in Pipeline

1. **AcoArt Daisy®** is a rapid exchange system DCB indicated for the treatment of intracranial atherosclerotic stenosis (ICAS). We completed the subject enrollment of the RCT for our AcoArt Daisy® in 2022 and submitted the product registration to the NMPA in 2023. We expect to receive the NMPA approval in 2025.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ACOART DAISY® SUCCESSFULLY.

2. **AcoArt Verbena® & Vinca®** is a DCB indicated for the treatment of vertebral atherosclerotic stenosis. We completed the subject enrollment of the RCT for AcoArt Verbena® & Vinca® in 2022 and submitted the product registration to the NMPA in 2023. We expect to receive the NMPA approval in 2025.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ACOART VERBENA® & VINCA® SUCCESSFULLY.

Research and Development

We have a strong in-house research and development team. The team is led by Ms. Weijia LI, Mr. Lizhong LU, Ms. Yaze LI and Mr. Scott WILSON.

We have primarily adopted a self-development business model. Our research and development team self-develop most of the key technologies used in our products and product candidates, and we own substantially all the rights pertaining to all our products and product candidates, except that the formula of the excipient used in our DCB products (which we believe is a key differentiating aspect of our products) was licensed from InnoRa GmbH, our business partner. Furthermore, as of December 31, 2024, we had a robust intellectual property portfolio, consisting of 57 registered patents and 42 pending patent applications.

During the Reporting Period, we supplemented our research and development team with technicians in the field of mechanical design, polymer materials, medicine, pharmacy, and chemistry, which further improved our talent pool.

Manufacturing

In 2023, we rent a new premises which located in Beijing for the purposes of research, development, testing and manufacturing of medical devices. For details, please refer to the announcement issued by the Company dated March 13, 2023. As of December 31, 2024, our production facility in Beijing has an aggregate gross floor area of approximately 30,800 sq.m., and our production facility in Shenzhen has an aggregate gross floor area of approximately 6,220 sq.m.. As of December 31, 2024, our facility was primarily used for the production of our balloon catheter products (including DCB and PTA products), power-sourced devices and products candidates.

The production capacity, actual production volume and utilization rate for our commercialized balloon catheter products in our manufacturing facility for the Reporting Period is 997,130, 465,792, and 46.7%, respectively. We conduct all the manufacturing process of our balloon catheter products in-house.

Sales and Marketing

Currently, we primarily sell and market our Core Products, AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, and our venous intervention, vascular access and other products. We also sell AcoArt Orchid® and AcoArt Tulip® & Litos® in several overseas countries. For the Reporting Period, we generated approximately RMB320.3 million and approximately RMB213.7 million from the sales of our Core Products and our venous intervention, vascular access and other products, respectively, representing a year-on-year decrease of approximately 1.0% and a year-on-year increase approximately 42.2%, respectively, and a substantial portion of such revenue is generated from our sales in China. As our current products and product candidates receive more marketing approvals in countries and regions outside China, we expect to generate more sales from overseas markets.

We use a combination of our in-house sales and marketing team, our connections with hospitals and a network of independent distributors to sell our products in China. As of December 31, 2024, we had a strong sales and marketing team with extensive experience in China, thus laying the foundation for the commercialization of our products. Our in-house sales and marketing team tracks and analyzes applicable local laws and regulations and government policies as well as market data of our products in order to formulate national and regional marketing strategies more effectively.

We employ a strategic marketing model to promote and sell our products. Under this model, we promote our products to hospitals in China through academic marketing, by establishing research and clinical collaboration and training relationships with hospitals and by leveraging our network with KOLs.

Intellectual Property Rights

We have built a comprehensive intellectual property portfolio in China and overseas to protect our technologies, inventions and know-how and ensure our future success with commercializing our products. As at December 31, 2024, we had 57 registered patents and 162 registered trademarks, as well as 42 pending patent applications and 30 pending trademark applications in China and overseas. There is no material legal impediment for us to obtain the approvals for these pending patents and trademarks.

Continuing Connected Transactions

On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Collaboration Agreement to govern the collaboration between the Parties on the commercialization of the products of the Parties from time to time. On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Service Agreement to govern the mutual provision of R&D Supporting Services and CSO Services from time to time. BSG is the Controlling Shareholder of the Company holding approximately 65.0% of the issued share capital of the Company. Therefore, BSG is a connected person of the Company under the Listing Rules, and the transactions contemplated under each of the Framework Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the Framework Agreements were duly passed by the Shareholders as ordinary resolutions in the extraordinary general meeting held on August 11, 2023.

For capitalized terms and details, please refer to the announcements of the Company dated July 20, 2023 and August 11, 2023, and the circular of the Company dated July 28, 2023.

Following the signing of the Master Collaboration Agreement and the Master Service Agreement, our cooperation with BSC has entered the phase of practical implementation. Pursuant to the Framework Agreements, both parties have entered into distribution agreements for peripheral DCB products (including AcoArt Orchid®, AcoArt Tulip® and AcoArt Litos®) in the overseas markets in 2023. In 2024, both parties have begun to establish cooperation on the commercialization of multiple peripheral and coronary products in Hong Kong and Taiwan. In the mainland China market, distribution agreements have been entered into for coronary products, which enabled BSC to commence the sale of our products domestically. In the future, we intend to introduce a broader range of products for launch in the market, thereby expanding our collaboration with BSC. Furthermore, we are currently progressing with the overseas registration of various products. In 2024, our Group and BSC initiated a collaborative partnership in R&D, focusing on the co-development of products whereby our Group is tasked with the research, development, and regulatory approval of these products. Upon market launch, BSC will hold the commercialization rights for these products.

Re-designation of Director

With effect from June 12, 2024, Mr. Silvio Rudolf SCHAFFNER has been re-designated from an executive director and the chief operating officer of the Company to a non-executive Director.

For details, please refer to the announcement issued by the Company dated June 12, 2024.

Future Development

Our goal is to become a global leader that provides full-suite of interventional solutions for vascular diseases.

Leveraging the synergistic effects from our four core technologies, we will further expand our product offerings. To fuel our long-term growth, we continue to further expand our coverage in the domain of vascular interventional therapies. We have established a diversified product pipeline cover four therapeutic areas consisting of vascular surgery, cardiology, nephrology and neurology. We also plan to expand our product offerings from therapeutic devices, procedural devices to other ancillary devices for vascular interventional procedures in each of the four therapeutic areas. With a goal to solidify our leading position in the DCB market and enhance our competitiveness in other vascular interventional therapies, we plan to increase our investments in technological innovation to strengthen our research and development capabilities.

We will continue to advance a diversified development path, employing different marketing strategies tailored to varied market demands and product characteristics. For the Core Products, our objective is to sustainably increase the sales of products in hospitals where we have already been admitted. We will continue to implement and enhance a systematic DCB training program to expedite physician education and we will organize patient education activities to enhance the awareness of DCB among Chinese patients, thereby promoting our DCB products. As for venous intervention products (primarily including but not limited to Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®) and Radiofrequency Ablation System (AcoArt Cedar®)), we will continue to expand hospital coverage, particularly targeting more lower-tier city hospitals. In addition, we will provide comprehensive training to physicians to elevate the treatment concepts and surgical proficiency. On July 20, 2023, we have entered into the Framework Agreements with BSG, offering our products the opportunity to gain sales exposure in the global market, furthering the diversification of product revenue.

To enjoy early-mover advantage, we will rapidly advance the clinical development and commercialization of our late-staged product candidates. We expect to broaden our sales and expand our presence globally after entering into the Framework Agreements with BSG.

FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included elsewhere in this annual report.

Revenue

During the Reporting Period, all our revenue was generated from sales of medical devices. Sales of DCB products, our Core Products, have comprised the major portion of our revenue since its first commercialization in China in 2016. Our revenue primarily comprised of the sales of Core Products and venous intervention and vascular access products. We expect to increase our revenue by expanding the indications of our Core Products and enriching our venous intervention and vascular access products in the near future.

The Group's revenue for the year ended December 31, 2024 was approximately RMB534.0 million, representing an increase of approximately 12.7% compared to approximately RMB473.8 million for the year ended December 31, 2023. The increase was primarily attributable to the increase in the sales of venous intervention, vascular access and other products like Peripheral Aspiration System (AcoStream®) and Radiofrequency Ablation System (AcoArt Cedar®). It is noted that such number of surgeries performed with our medical devices recorded an increase compared to the year ended December 31, 2023. For the year ended December 31, 2024, revenue from sales of venous intervention, vascular access and other products accounted for approximately 40.0% of our total revenue, representing an increase of approximately 42.2%, as compared to approximately 31.7% for the year ended December 31, 2023.

The following table sets forth a breakdown of our revenue:

	Year ended December 31, 2024		Year ended December 31, 2023	
Revenue	**RMB'000**	**Proportion**	RMB'000	Proportion
Core Products	**320,302**	**60.0%**	323,536	68.3%
AcoArt Orchid® & Dhalia®	**267,042**	**50.0%**	274,586	58.0%
AcoArt Tulip® & Litos®	**53,260**	**10.0%**	48,950	10.3%
Venous intervention, vascular access and other products *(Note)*	**213,686**	**40.0%**	150,312	31.7%
Total	**533,988**	**100.0%**	473,848	100.0%

Note: The venous intervention, vascular access and other products primarily including but not limited to PTA balloon products, Peripheral Aspiration System (AcoStream®) and Radiofrequency Ablation System (AcoArt Cedar®).

Cost of Sales

The cost of sales primarily consists of staff costs, raw material costs, depreciation and amortization, utility costs and others.

The Group's cost of sales for the year ended December 31, 2024 was approximately RMB131.3 million, representing an increase of approximately 36.2% compared to approximately RMB96.4 million for the year ended December 31, 2023. The increase was primarily attributable to (i) increase of sales volume of Core products from both China market and Overseas market and (ii) the rapid growth of the sales volume of Peripheral Aspiration System (AcosTream®) and Radiofrequency Ablation System (AcoArt Cedar®) in China.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group increased by approximately 6.7% from approximately RMB377.4 million for the year ended December 31, 2023 to approximately RMB402.7 million for the year ended December 31, 2024. Gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group decreased from approximately 79.6% for the year ended December 31, 2023 to approximately 75.4% for the year ended December 31, 2024, mainly due to (i) some products have been enrolled in volume-based procurement, which impacted the sales prices, (ii) an increase in sales volume of venous intervention, vascular access and other products which have relatively lower gross profit margin than Core Products, and (iii) an increase in sales volume of Core Products in overseas market with relatively lower sales prices, which in turn led to a decrease in overall gross profit margin.

Other Income

The Group recorded other income for the year ended December 31, 2024 of approximately RMB40.4 million, representing an increase of approximately 14.1% compared to approximately RMB35.4 million for the year ended December 31, 2023, primarily attributable to an increase in interest income from bank deposits.

Other Net Losses

The other net losses primarily consisted of net foreign exchange losses, net loss on disposal of property, plant and equipment and right-of-use assets, fair value change of financial assets measured at fair value and others.

The Group recorded other net losses for the year ended December 31, 2024 of approximately RMB4.8 million, compared to other net losses of approximately RMB16.6 million for the year ended December 31, 2023, which mainly due to (i) net foreign exchange loss for the year ended December 31, 2024 was approximately RMB0.2 million while the net foreign exchange losses of approximately RMB13.7 million for the year ended December 31, 2023, (ii) fair value change of financial assets measured at fair value for the year ended December 31, 2024 was a RMB2.9 million gain as compared with that for the year ended December 31, 2023 was a RMB2.8 million loss, (iii) there was a RMB7.7 million net loss on disposal of property, plant and equipment and termination of lease contracts for the year ended December 31, 2024, while the amount is RMB0.2 million for the year ended December 31, 2023.

Selling and Distribution Costs

The Group's selling and distribution costs for the year ended December 31, 2024 was approximately RMB92.8 million, representing a decrease of approximately 4.9% compared to approximately RMB97.5 million for the year ended December 31, 2023. The decrease was primarily attributable to the decrease in the number of sales staff and therefore a decrease in staff cost.

R&D Costs

The Group's R&D costs for the year ended December 31, 2024 was approximately RMB216.8 million, representing an increase of approximately 14.0% compared to approximately RMB190.1 million for the year ended December 31, 2023. The increase was primarily attributable to the increased material and clinical trial cost.

The following table sets forth the components of our research and development expenses for the period indicated.

	Year ended December 31,			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Employee benefits expenses[Note]	**85,687**	**39.5%**	86,120	45.3%
Third-party contracting expenses and consultancy expenses	**65,970**	**30.5%**	49,658	26.1%
Material consumed	**45,970**	**21.2%**	38,418	20.2%
Depreciation and amortisation	**12,436**	**5.7%**	8,722	4.6%
Others	**6,710**	**3.1%**	7,152	3.8%
	216,773	**100.00%**	190,070	100.00%

Note: Employee benefits expense includes share-based compensation.

Administrative Expenses

The Group's administrative expenses for the year ended December 31, 2024 was approximately RMB64.9 million, representing a decrease of approximately 22.6% compared to approximately RMB83.8 million for the year ended December 31, 2023. The decrease was primarily attributable to (i) decreased depreciation and amortization expenses due to the new lease of plants and buildings in both Beijing and Shenzhen transferred to function areas after renovation completed and put into use and (ii) decreased one-time consulting expenses for the voluntary partial cash offer and connected transaction.

Finance Costs

The Group's finance costs for the year ended December 31, 2024 was approximately RMB11.5 million, representing an increase of approximately 15.5% compared to approximately RMB10.0 million for the year ended December 31, 2023. The increase was primarily attributable to the increased interest expense.

Income Tax

The Group's income tax expenses for the year ended December 31, 2024 was approximately RMB321,000, compared to the income tax credit of approximately RMB35,000 for the year ended December 31, 2023. The increase was primarily attributable to the withholding income tax.

Capital Management

The primary goal of the Group's capital management is to maintain the Group's stability and growth, safeguard its normal operations and maximize shareholders' value. The Group reviews and manages its capital structure on a regular basis, and makes timely adjustments to it in light of changes in economic conditions. To maintain or realign our capital structure, the Group may raise capital by way of bank loans or issuance of equity or convertible bonds.

Liquidity and Financial Resources

The Group's cash and cash equivalents, time deposits and financial assets measured at amortised cost as at December 31, 2024 were approximately RMB864.2 million, representing a decrease of approximately 1.7% compared to approximately RMB879.2 million as at December 31, 2023. The decrease was primarily attributable to the increase in operating and capital expenditures.

We rely on capital contributions by our shareholders and also generate cash from our sales revenue of existing commercialized products, including Core Products and venous intervention and vascular access products. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of existing commercialized products and by launching new products, as a result of the broader market acceptance of our existing products and our continued efforts in marketing and expansion.

To achieve better risk control and minimize the cost of funds, the Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in deposits mostly denominated in US dollars, Hong Kong dollars and RMB. The Group's liquidity and financing requirements are reviewed regularly.

Borrowings and Gearing Ratio

As at December 31, 2024, the Group's total borrowings are interest-bearing bank borrowings which were RMB10.0 million, same as at December 31, 2023.

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As at December 31, 2024, the gearing ratio of the Group decreased to approximately 23.2% from approximately 24.3% as at December 31, 2023 mainly due to the decreased balances of lease liabilities.

Net Current Assets

As at December 31, 2024, the Group's net current assets was approximately RMB1,075.8 million, representing a decrease of approximately 1.7% compared to net current assets of approximately RMB1,094.9 million as at December 31, 2023, which was mainly due to the increase of trade liabilities.

Foreign Exchange Exposure

We have transactional currency exposures. Certain of our bank balances, trade receivables, other receivables, and trade and other payables are dominated in foreign currencies and are exposed to foreign currency risk. We had entered into some foreign currency forward contracts to reduce our exposure to fluctuation in foreign exchange rate, and as at December 31, 2024, all foreign currency forward contracts have been closed. These foreign currency forward contracts are not hedge accounted.

Significant Investments, Material Acquisitions and Disposals

As of December 31, 2024, we did not hold any significant investments. For the Reporting Period, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures (for the year ended December 31, 2023: nil).

Capital Expenditure

For the Reporting Period, the Group's total capital expenditure amounted to approximately RMB97.5 million, which was used in (i) purchase of plant and equipment and (ii) capitalized development project and (iii) purchase of intangible assets.

Charge on Assets

As at December 31, 2024, there was no charge on assets of the Group (for the year ended December 31, 2023: nil).

Contingent Liabilities

As at December 31, 2024, we did not have any contingent liabilities (for the year ended December 31, 2023: nil).

Employees and Remuneration Policies

As of December 31, 2024, we had 650 employees in total. Most of them are stationed in China.

In compliance with the applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. These employment contracts typically have terms of three to five years.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and stock incentive plans to our employees especially key employees.

Future Investment Plans and Expected Funding

The Group will continue to expand its markets in the PRC and globally in order to tap its internal potential and maximize shareholders' interest. The Group will continue to push products development in our pipeline. The Group will continue to grow through self-development, mergers and acquisitions, and other means. We will employ a combination of financing channels to finance capital expenditures, including but not limited to internal funds and bank loans. Currently, the bank credit lines available to the Group are adequate.

SUBSEQUENT EVENTS

There was no significant event that took place after Reporting Period which requires additional disclosure or adjustment.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The net proceeds from the Global Offering and the full exercise of the over-allotment option, after deduction of the underwriting fees and commissions and expenses of the Company in connection with the Global Offering, were approximately RMB1,294.0 million. The Group has been applying and will apply such proceeds in a manner consistent with the intended use of proceeds as disclosed in the Prospectus.

The table sets forth the utilization of the net proceeds from the Global Offering and the unutilized amount as at December 31, 2024:

Intended use of proceeds as stated in the Prospectus	Percentage to total amount %	Net proceeds from the IPO RMB'000	Utilized amount during the Year of 2024 RMB'000	Utilized amount as at December 31, 2024 RMB'000	Unutilized amount as at December 31, 2024 RMB'000	Expected timeline for unutilized amount
Development and commercialization of our Core Products	32	414,067	118,780	337,931	76,136	Year 2027
Development and commercialization of other 24 Products	23	297,611	72,858	297,611	–	Year 2024
Expand our production capacity and strengthen our manufacturing capabilities	7	90,577	25,740	90,577	–	Year 2024
Expand our product portfolio through in-house research and development, collaboration, mergers	24	310,550	102,985	201,426	109,124	Year 2027
Working capital and other general corporate purposes	8	103,517	18,037	97,592	5,925	Year 2025
Repay the Loan	6	77,638	–	77,638	–	N/A
Total	**100**	**1,293,960**	**338,400**	**1,102,775**	**191,185**	

The Group will utilize the net proceeds in accordance with the intruded purposes as set out in the Prospectus. The Board is not aware of any material change to the planned use of the net proceeds as at the date of this annual report.

OUTLOOK

Our goal is to become a global leader that provides full-suite of interventional solutions for vascular diseases.

In 2024, we obtained the NMPA approvals for seven of our products. Two products were approved in the field of vascular surgery: the Introducer Sheath Set (Acotrace) and the Delivery Catheter for Aspiration Catheter. Four products were approved in the field of cardiology, including the Coronary High-Pressure Dilatation Balloon (YIYAN), Coronary CTO Retrograde Micro-Catheter (Vericor-RS®), Cardiac Valve Balloon Dilation Catheter (RunFlow®), and the Paclitaxel-Eluting Coronary Balloon Dilatation Catheter (AcoArt Camellia®). Additionally, we received approval for the AV Scoring Balloon (Peridge®) in nephrology. These approvals have enhanced our product portfolio and expanded our market presence. We plan to adopt appropriate marketing and academic activities to promote our products among doctors and patients in China in order to broaden the doctor and patient base.

Leveraging the synergies of our four core technologies, we will further expand our product offerings. To fuel our long-term growth, we continue to further expand our coverage in the domain of vascular interventional therapies. We have established a diversified product pipeline cover four therapeutic areas consisting of vascular surgery, cardiology, nephrology and neurology. We also plan to expand our product offerings from therapeutic devices, procedural devices to other ancillary devices for vascular interventional procedures in each of the four therapeutic areas. BSC may also partner with the Company to identify new areas of product development not currently in one or both party's portfolio.

As our multiple products entered into their commercialization stages, our revenue composition gradually diversified. During the Reporting Period, the venous intervention, vascular access and other products achieved a revenue of approximately RMB213.7 million, accounting for approximately 40.0% of the total revenue. We will continue to broaden our sales through expanding our newly-launched products into hospitals in China as well as increasing our sales efforts to deepen the penetration in hospitals to which we currently sell products. As our international business development accelerated in 2024, we are of the view that the overseas business will further diversify the Company's sources of income and facilitate us to respond to market changes more flexibly.

To enjoy early-mover advantage, we will rapidly push forward the clinical development and commercialization of our late-staged product candidates. We will also broaden our sales and expand our presence globally, especially in Europe and the United States. To execute our global expansion strategy, we will continue to participate in international vascular intervention conferences and academic events, such as Leipzig Interventional Course (LINC), to further promote our products and brand name. On July 20, 2023, we have entered into the Framework Agreements with BSG, offering our products the opportunity to gain sales exposure in the global market.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2024.

CLOSURE OF THE REGISTER OF MEMBERS

The Company will hold the AGM on Monday, June 30, 2025. The register of members of the Company will be closed from Wednesday, June 25, 2025 to Monday, June 30, 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, June 24, 2025.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the Reporting Period, save for the following deviations. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. According to the current structure of the Board, the positions of the Chairperson and Chief Executive Officer of the Company are held by Ms. Jing LI.

The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors and that the Board comprises three independent non-executive Directors out of seven Directors, and the Board believes there is sufficient check and balance on the Board; (ii) Ms. Jing LI and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of the Company and will make decisions of the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Group. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. Finally, as Ms. Jing LI is our principal founder, the Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Code provision F.1.1 of the CG Code provides that the issuer should have a policy on payment of dividends. As the Company expects to retain all future earnings for use in the operation and expansion of the business and does not have any dividend policy to declare or pay any dividends in the near future. The Board will review the Company's status periodically and consider adopting a dividend policy if and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR OF LISTED SECURITIES OR SALE OF TREASURY SHARES

During the year ended December 31, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities or sold any treasury Shares (as defined under Listing Rules). As at December 31, 2024, the Company did not hold any treasury Shares (as defined under the Listing Rules).

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year which have been agreed by the Company's auditor, and is of the view that the Group's audited consolidated financial statements for the year are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made. The Audit Committee has also reviewed the annual results for the year.

Biographies of Directors and Senior Management

The biographical details of the Directors and senior management are set out as follows:

EXECUTIVE DIRECTOR

Ms. Jing LI (李靜), aged 53, is our executive Director, chairperson of the Board and the chief executive officer. She was appointed as a Director on December 3, 2020 and appointed as the chairperson of the Board and re-designated as an executive Director on January 29, 2021. She is in charge of the overall strategic planning, business direction and operational management of the Group and holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position	Period
Beijing Acotec	Chairperson of the board of directors	April 17, 2017 to December 24, 2018 August 25, 2020 to present
	Director	January 28, 2008 to December 24, 2018 August 25, 2020 to present
	General manager	January 28, 2008 to December 5, 2014 December 24, 2018 to present
	Chief executive officer	March 10, 2017 to present
Pine Medical	Director	November 22, 2011 to September 28, 2018 August 15, 2020 to present

Ms. Li has over 29 years of experience in the medical devices industry. From April 2006 to March 2008, she served as head of China in Invatec, a company which develops and manufactures cardiac, peripheral and neurointerventional devices and was subsequently acquired by Medtronic plc, a medical device company listed on the New York Stock Exchange (ticker symbol: MDT). Before joining Invatec, Ms. Li worked in sales of cardiovascular products for 10 years since 1994.

Ms. Li obtained her bachelor's degree in Safety and Environmental Protection Engineering from Jiangsu Institute of Technology (江蘇工學院) (currently known as Jiangsu University (江蘇大學)) in Jiangsu, PRC in July 1993.

NON-EXECUTIVE DIRECTORS

Mr. Silvio Rudolf SCHAFFNER, aged 55, is our non-executive Director. He has been an executive Director and the chief operating officer since December 3, 2020 and March 10, 2017 respectively. He was then re-designated as a non-executive Director on June 12, 2024.

Mr. Schaffner has over 30 years of experience in the medical devices industry. He holds various patents in orthopedic implantation and vascular intervention fields. From December 2004 to June 2010, Mr. Schaffner served as the managing director and the legal representative of Invatec. Before joining Invatec, Mr. Schaffner successively served as the Head of Polymer Research at Sulzer Orthopedics Ltd. and then head of R&D at Jomed NV (acquired by Abbott in 2003) from 1993 to 2003.

Mr. Schaffner obtained his diploma in mechanical engineering from University Brugg-Windisch in Switzerland in November 1993 and his master's degree in business administration from University of St. Gallen in Switzerland in October 1997.

Mr. Arthur Crosswell BUTCHER, aged 54, was appointed as a non-executive Director on February 9, 2023. Mr. Butcher obtained a Bachelor of Arts degree in International Relations from the University of Pennsylvania in May 1992 and a Master's degree in Business Administration from Columbia University in October 2003, and has been the executive vice president and group president of the Medical Surgical business and Asia Pacific region of Boston Scientific Corporation ("**BSC**"), the controlling shareholder of the Company, since May 2022.

Mr. Butcher has over 28 years of experience in the medical device industry. Since joining Boston Scientific in 1997, Mr. Butcher has held different management roles of increasing responsibility and has deep experience across Boston Scientific's divisions, including executive vice president and president of the Asia Pacific region from 2020 to 2022, senior vice president and president of the Endoscopy division from 2016 to 2020, and vice president and general manager of the Endoscopy division in Japan from 2014 to 2016. Prior to that, Mr. Butcher held a variety of marketing and strategic planning management positions within the Endoscopy and Urology divisions, including vice president of global marketing of the Endoscopy division from 2011 to 2014, and vice president of new business development and strategic planning of the Urology & Women's Health division from 2009 to 2011. Mr. Butcher is a member of the board of directors of STAAR Surgical Company, a public medical device company listed on the NASDAQ stock exchange specializing in implantable lenses, since March 2024.

Ms. June CHANG, aged 54, was appointed as a non-executive Director on February 9, 2023. Ms. Chang obtained of Bachelor of Arts degree from the Business School of the University of Washington in June 1997 and a Master's degree in International Management from the Thunderbird, The American Graduate School of International Management in May 2001, and is currently the president of the Greater China region of BSC since March 2020. Ms. Chang is also a member of the Chartered Institute of Management Accountants.

Ms. Chang has over 26 years of experience in holding financial and commercial leadership roles in the aerospace, automotive, consumer product and device sectors across North America, Asia Pacific region and the Greater China region. Ms. Chang joined BSC in China in October 2013 as the chief financial officer until March 2015. Ms. Chang has held different management roles in BSC, including the chief finance officer of the Greater China region from April 2015 to August 2016, chief financial officer and senior director of strategic planning, DRM & emerging markets of China from September 2016 to March 2018, vice president of finance of the Greater China region and strategic planning/IAS/DRM & emerging markets of China from April 2018 to May 2018, and vice president and managing director of the Greater China region from June 2018 to February 2020. Prior to joining BSC, Ms. Chang was the group controller of foods and beverages of the Greater China region of PepsiCo from June 2012 to October 2013, and the head of financial planning and analysis of the Greater China region of PepsiCo from July 2008 to June 2012. Ms. Chang was also the category finance leader of the Asia, Middle East and Africa regions of Unilever from July 2001 to June 2008. Ms. Chang was a tax associate of Arthur Andersen & Co. from September 1997 to January 2000.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Yuqi WANG (王玉琦), aged 77, was appointed as an independent non-executive Director on January 29, 2021 (effective from the Listing Date) and is responsible for providing independent advice and judgment to our Board.

Dr. Wang has around 41 years of experience in practising medicine. Dr. Wang is currently a professor in vascular surgery and doctoral supervisor in Fudan University, the former president of Zhongshan Hospital Affiliated to Shanghai Medical College (復旦大學附屬中山醫院) and the director of Vascular Surgery Institute (血管外科研究所) of Fudan University. Dr. Wang was recognized as an honorary professor of Zhongshan Hospital Affiliated to Shanghai Medical College in November 2018. He has also previously served in various distinguished organizations and associations in the industry, including serving as the deputy chief of Vascular Surgery Group, Surgery Division of Chinese Medical Association (中華醫學會外科分會血管外科學組), the standing director of Shanghai Association of Surgery (上海外科學會), the standing director of Specialized Committee of Hospital Economic Management (中國醫院管理學會醫院經濟管理專業委員會), a committee member of China Hospital Management Society (上海醫院管理學會), and a member of International Society for Cardiovascular Surgery (國際心血管外科學會), International College of Angiology (國際脈管學會) and International Endovascular Treatment Specialists (國際血管腔內治療專家).

Dr. Wang obtained his bachelor's degree in medicine from Peking Union Medical College (北京協和醫學院) in the PRC in August 1970 and a master's degree in medicine from Shanghai First Medical College (上海第一醫學院) (currently known as Shanghai Medical College of Fudan University (復旦大學上海醫學院)) in the PRC in August 1982. He is a registered medical officer in the PRC since August 2002.

Ms. Hong NI (倪虹), aged 52, was appointed as an independent non-executive Director on January 29, 2021 (effective from the Listing Date) and is responsible for providing independent advice and judgment to our Board.

Ms. Ni has over twenty years of experience in corporate finance and capital market activities. Ms. Ni has been an independent director of Zhihu Inc., a company listed on NYSE (ticker symbol: ZH) and the Hong Kong Stock Exchange (stock code: 2390) since March 2021; an independent director of Ucloudlink Group, Inc., a company listed on Nasdaq (ticker symbol: UCL) since June 2020; and an independent director of ATA Creativity Global (including its predecessor), a company listed on Nasdaq (ticker symbol: AACG) since January 2008. Ms. Ni served as an independent non-executive director of Digital China Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 861), from September 2010 to June 2024. Ms. Ni served as an executive director of Ingdan, Inc. (formerly known as Cogobuy Group), a company listed on the Hong Kong Stock Exchange (stock code: 400), from March 2015 to June 2020, and she was re-designated as a non-executive director from June 2020 to June 2022. Earlier in her career, Ms. Ni served as a practicing attorney at Skadden, Arps, Slate, Meagher & Flom LLP in New York and Hong Kong, specializing in corporate finance from 1998 to 2004. Prior to that, Ms. Ni worked at Merrill Lynch's investment banking division in New York.

Ms. Ni obtained her bachelor's degree in applied economics from Cornell University in the United States in May 1994 and her Juris Doctor degree from the University of Pennsylvania in the United States in May 1998. Ms. Ni was admitted to the New York bar in 1999.

Ms. Kin Yee POON (潘建而), aged 52, was appointed as an independent non-executive Director on January 29, 2021 (effective from the Listing Date) and is responsible for providing independent advice and judgment to our Board.

Ms. Poon has over 25 years of experience in accounting, auditing and corporate finance services. Ms. Poon currently serves as the director of BaoQiao Partners Capital Limited (寶橋融資有限公司), a subsidiary of Fullshare Holdings Limited, a company listed on the Stock Exchange (stock code: 607). Prior to joining BaoQiao Partners Capital Limited, Ms. Poon was employed by Ares Asia Limited, where she was the chief accounting officer and company secretary of Ares Asia Limited, a company listed on the Stock Exchange (stock code: 645) from September 2011 to October 2013 and March 2013 to March 2014, respectively. Ms. Poon worked at Ernst & Young from September 1995 to January 1998.

Ms. Poon obtained her bachelor's degree in finance from the Hong Kong University of Science and Technology in November 1995. She has been a member of the American Institute of Certified Public Accountants since August 2000 and is licensed as a responsible officer by the Securities and Futures Commission for Type 6 (advising on corporate finance) regulated activity under the SFO.

SENIOR MANAGEMENT

Ms. Jing LI (李靜), see the paragraph headed "Biographies of Directors and Senior Management – Executive Director" in this section for details.

Mr. Silvio Rudolf SCHAFFNER, who was redesignated from executive director and chief operating officer to non-executive director with effect from June 12, 2024, see the paragraph headed "Biographies of Directors and Senior Management – Non-executive Directors" in this section for details.

Dr. Ulrich Reinhold SPECK, aged 84, is appointed as the chief technology officer of our Company on January 29, 2021 and has been the chief technology officer of our Group since October 3, 2020 and is responsible for directing and overseeing experimental and clinical research and technology development of the Group.

Dr. Speck has over 50 years of experience in academic and clinical research in biochemistry, physiology, and drugs. He worked as a lecturer in Biology in The Free University of Berlin in 1972. From 1978 to 1999, Dr. Speck worked in various positions in Schering AG Berlin, a German pharmaceutical company, including as the head of the department pharmacokinetics and contrast media pharmacology, the managing director in research in Institute for Diagnostics Research (a research lab owned by Schering AG Berlin in The Free University of Berlin), and the head of contrast media pharmacology. Dr. Speck returned to the academia in 2000 as a professor in experimental radiology at the Charité, the university hospital affiliated with Humboldt University and The Free University of Berlin. In 2001, Dr. Speck co- founded InnoRa GmbH, a company that organizes and funds complex research projects which require interdisciplinary cooperation involving companies, universities, hospitals and research organizations. Dr. Speck was managing director and independent legal representative of InnoRa GmbH from January 14, 2002 to January 18, 2017.

Dr. Speck obtained his Ph.D. in Biology (Chemistry, Physics) from The Free University of Berlin in Germany in July 1967. Dr. Speck has contributed to a large volume of research articles on research areas such as contrast media, laser light tumor ablation and restenosis inhibition and holds around a dozen of patents in relation to drug-coated balloon catheter and sirolimus coated balloon since 2000. As of the date of this annual report, no intellectual property rights that are material to our Group (including those relating to the Core Products) was filed and/or owned by Mr. Speck. For our material patents, please refer to the paragraphs headed "Management Discussion and Analysis – Business Overview – Intellectual Property Rights" in this annual report.

Ms. Weijia LI (李維佳), aged 47, is appointed as the vice-president of clinical and regulations of our Company on January 29, 2021 and has been the vice-president of clinical and regulations of Beijing Acotec since March 2017.

Ms. Li has over 19 years of experience in the medical devices industry. Ms. Li was a director and manager in the Group from December 2010 to March 2018, before she was promoted as vice-president of clinical and regulations. Prior to joining the Group, she worked in Invatec (a company which develops and manufactures cardiac, peripheral and neurointerventional devices and was subsequently acquired by Medtronic plc, a medical device company listed on the New York Stock Exchange (ticker symbol: MDT)) from August 2008 to December 2010.

Ms. Li obtained her bachelor's degree in bio-pharmacy and her master's degree in microbiology and pharmacy from Jilin University in Changchun in the PRC in July 2000 and June 2002, respectively.

Report of Directors

The Board is pleased to present its report together with the audited consolidated financial statements of the Company for the year ended December 31, 2024.

PRINCIPAL BUSINESS

We are a global leading medical device technology platform in China. We have developed a suite of interventional medical devices featuring world-leading technologies, notably in the fields of drug-coated balloons (DCB) and thrombus aspiration catheters. We developed and launched the first peripheral DCB product in China in 2016, approximately four years ahead of the closest runner-up. Our second DCB product was designated as a "breakthrough device" by the FDA in 2019 as it provides for more effective treatment in irreversibly debilitating human conditions and offers significant advantages over existing approved or cleared alternative medical devices. The designation also indicates that the product represents breakthrough technology and its availability is in the best interest of patients. After the designation, the product was entitled to an expedited process of the development, assessment, and review by the FDA. The product also obtained the NMPA approval in December 2020, making it the world's first below-the-knee (BTK) DCB product receiving regulatory approval based on multi-center randomized controlled clinical trial results. Our DCB products feature one of the most advanced drug-coating technologies among all the DCB products worldwide, and had demonstrated good clinical performance based on the results of the clinical trials conducted by us for such products.

We carried out in-depth investigations and discussion in respect of artery diseases, vein diseases and vascular aneurysm, and we prepared for our business presence in these sectors. In 2024, we obtained NMPA approvals for seven of our products. Two products were approved in the field of vascular surgery: the Introducer Sheath Set (Acotrace) and the Delivery Catheter for Aspiration Catheter. Four products were approved in the field of cardiology, including the Coronary High-Pressure Dilatation Balloon (YIYAN), Coronary CTO Retrograde Micro-Catheter (Vericor-RS®), Cardiac Valve Balloon Dilation Catheter (RunFlow®), and the Paclitaxel-Eluting Coronary Balloon Dilatation Catheter (AcoArt Camellia®). Additionally, we received approval for the AV Scoring Balloon (Peridge®) in nephrology. The progress of production development had been advancing at an extremely quick pace.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the consolidated financial statements on pages 83 to 158 of this annual report.

DIVIDENDS DISTRIBUTION

Under PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. Moreover, our operating subsidiaries in the PRC may not have distributable profit as determined under the Generally Accepted Accounting Principles of the PRC (the "**PRC GAAP**"). Accordingly, we may not receive sufficient distributions from our subsidiaries for us to pay dividends. Failure by our operating subsidiaries to pay us dividends could adversely impact our ability to make dividend distributions to our Shareholders and our cash flow, including periods in which we are profitable.

The Board does not recommend the payment of a final dividend for the year ended December 31, 2024 (2023: nil).

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.

BUSINESS REVIEW

A fair review of the business and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position as well as the outlook of the Group's business are provided in the "Management Discussion and Analysis" this annual report. Description of the principal risks and uncertainties faced the Group can be found throughout this annual report. Particulars of important events affecting the Group that have occurred after December 31, 2024, if any, can also be found in the notes to the consolidated financial statements. Each of the above-mentioned relevant contents form an integral part of this Report of the Directors.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties. Some of the major risks we face include: (i) our future growth depends substantially on the successful development of our product candidates to commercialization; (ii) clinical product development involves a lengthy and expensive process with an uncertain outcome; (iii) if clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results in a timely manner or at all, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates; and (iv) if physicians and hospitals are not receptive to our products, our results of operations may be negatively affected. For more details of other risks and uncertainties faced by the Group, please refer to the Prospectus.

FINANCIAL SUMMARY

A summary of the Company's results, assets and liabilities for the last five financial years are set out on page 159 of this annual report. This summary does not form part of the audited consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has actively participated in sustainability and social responsibility and recognises its responsibility to protect the environment from its business activities. The Group endeavours to comply with the laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the business and operation of the Group during the year ended December 31, 2024.

RELATIONSHIP WITH STAKEHOLDERS

Employees

As of December 31, 2024, we had 650 employees in total. Most of them are stationed in China.

We recruit our employees based on a number of factors, including work experience, educational background and the requirements of a relevant vacancy. We provide training for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. We also assess our employees based on their performance to determine their salary, promotion and career development.

We have implemented various internal occupational health and safety procedures to maintain a safe work environment, including adopting protective measures at our production facilities, inspecting our equipment and facilities regularly to identify and address safety hazards, and providing regular training to our employees on safety awareness.

As of December 31, 2024, our employees were represented by a labor union under Beijing Acotec. We believe that we have maintained good working relationships with our employees. During the year ended December 31, 2024, we were not subject to any material claims, lawsuits, penalties or administrative actions relating to non-compliance with occupational health and safety laws or regulations, and had not experienced any strikes, labor disputes or industrial actions which have had a material effect on our business.

Customers

During the year ended December 31, 2024, our revenue primarily comprised of the sales of Core Products and venous intervention, vascular access and other products.

We have maintained a good collaboration relationship with each of the platform distributors we cooperated with, particularly the two platform distributors under Sinopharm Group. Our Directors believe that with our dominating market share in the peripheral DCB market in China, we have strong bargaining power, and most, if not all, of the platform distributors and sub-distributors in the industry have strong incentives to maintain good relationship with us. We believe that our close relationship with Sinopharm Group is mutually beneficial to both parties, and it is unlikely that our relationship with the two platform distributors under Sinopharm Group will materially adversely change or terminate in the near future. To mitigate our reliance on Sinopharm Group in the future, we have been diversifying our product portfolio. As our pipeline products progress to commercialization, we may consider engaging other platform distributors for the distribution of these products, after evaluating, among others, the relevant platform distributors' qualifications, industry experience and distribution networks.

We sell products to hospitals or medical centers directly or through distributors and platform distributors. As of December 31, 2024, we cooperated with 59 distributors and 14 platform distributors for the sales of our products to hospitals and medical institutions in China. We also cooperated with 8 distributors for the sales of our products overseas. As of December 31, 2024, we directly sold our products to 2 hospitals in China and 5 hospitals overseas.

For the year ended December 31, 2024, the Group's sales to its five largest customers accounted for approximately 90.5% of the Group's total sales and sales to the largest customer accounted for approximately 50.3%.

Save for BSC Group which is our Controlling Shareholder and our fifth largest customer during the year ended December 31, 2024, all of our five largest customers during the year ended December 31, 2024 are Independent Third Parties. So far as our Directors are aware, save as disclosed in the foregoing, none of our Directors or executive officers of our Company or its subsidiaries, their respective associates or any Shareholders of our Company holding more than 5% of the issued share capital of our Company immediately following the completion of the Global Offering, had any interests in any of our five largest customers during the year ended December 31, 2024 and up to the date of this annual report.

Suppliers

During the year ended December 31, 2024, our suppliers mainly include research institutions, raw material suppliers, technology developers and property management service providers.

For our DCB products and PTA balloon products, we primarily use raw materials including balloons, lumen tubes, marker bands, etc.

We select our raw material suppliers based on a number of factors, including the quality of raw materials, after-sales service and price. We use reputable suppliers from China and other countries. Based on the current market conditions, we intend to maintain stable working relationships with our major suppliers of raw materials.

For the year ended December 31, 2024, purchases from the Group's five largest suppliers accounted for approximately 21.8% of the Group's total purchases and purchases from the largest supplier accounted for approximately 6.8%.

InnoRa GmbH, one of our five largest supplies during the year ended December 31, 2024, is controlled by the son of Dr. Ulrich Reinhold SPECK, our chief technology officer. Save as disclosed in this annual report, all of our five largest suppliers during the year ended December 31, 2024 are Independent Third Parties. So far as our Directors are aware, none of our Directors or executive officers of our Company or its subsidiaries, their respective associates or any Shareholders of our Company holding more than 5% of the issued share capital of our Company immediately following the completion of the Global Offering, had any interests in any of our five largest suppliers during the year ended December 31, 2024 and up to the date of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2024 are set out in note 32 to the consolidated financial statements.

As at December 31, 2024, the issued share capital of the Company was 313,389,171 Shares.

RESERVES

Details of movements in the reserves of the Group during the year ended December 31, 2024 are set out in the consolidated statement of changes in equity on pages 87 to 88 of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB1,371,880 (2023: RMB1,341,822,000).

BANK BORROWINGS

Particulars of bank borrowings of the Company as at December 31, 2024 are set out in note 27 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2024 are set out in note 12 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report and based on the information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management of the Company during the year ended December 31, 2024 and up to the date of this annual report are set out below:

Name	Position in the Company	Appointment date of current term
Directors		
Ms. Jing LI	Chairperson of the Board, Executive Director and chief executive officer	December 3, 2020
Mr. Silvio Rudolf SCHAFFNER[(1)]	Non-executive Director (re-designated from executive director and chief operating officer to non-executive director with effect from June 12, 2024)	December 3, 2020
Mr. Arthur Crosswell BUTCHER	Non-executive Director	February 9, 2023
Ms. June CHANG	Non-executive Director	February 9, 2023
Dr. Yuqi WANG	Independent Non-executive Director	January 29, 2021 (effective from the Listing Date)
Ms. Hong NI	Independent Non-executive Director	January 29, 2021 (effective from the Listing Date)
Ms. Kin Yee POON	Independent Non-executive Director	January 29, 2021 (effective from the Listing Date)
Senior management		
Ms. Jing LI	Chief executive officer	March 10, 2017
Dr. Ulrich Reinhold SPECK	Chief technology officer	October 3, 2020
Mr. Silvio Rudolf SCHAFFNER[(1)]	Chief operating officer (re-designated from executive director and chief operating officer to non-executive director with effect from June 12, 2024)	March 10, 2017
Ms. Weijia LI	Vice-president of clinical and regulations	March 10, 2017

Note:

(1) Mr. Silvio Rudolf SCHAFFNER was re-designated from an executive Director and chief operating officer of the Company to a non-executive Director on June 12, 2024.

To the best of the Board's knowledge, information and belief, save as disclosed in this annual report, the Directors and senior management do not have any relationship amongst them.

In accordance with article 16.19 of the Articles of Association, Mr. Silvio Rudolf SCHAFFNER, Mr. Arthur Crosswell BUTCHER and Ms. June CHANG will retire by rotation, and being eligible, have offered themselves for re-election as Directors at the forthcoming annual general meeting.

None of the retiring Directors has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than under normal statutory obligations.

Biographical details of the Directors and senior management are set out on pages 30 to 34 of this annual report.

SERVICE AGREEMENTS OF DIRECTORS

The executive Director has entered into a service contract with the Company under which she agreed to act as executive Director for an initial term of three years commencing from the Listing Date, which may be terminated by not less than 30 days' notice in writing served by either the executive Director or the Company.

Each of the non-executive Directors has entered into a service contract with the Company under which they agreed to act as non-executive Directors for an initial term of three years commencing from the Listing Date, which may be terminated by not less than 30 days' notice in writing served by either the non-executive Directors or the Company.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than 30 days' notice in writing served by either the independent non-executive Director or the Company.

The appointment of Directors is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors has or is proposed to have a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent and remain so as of the date of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares and underlying Shares of the Company

Name of Director	Capacity/Nature of interest	Total number of Shares/ underlying Shares held[1]	Approximate percentage of shareholding interest in the Company (%)[1]
Ms. Jing LI ("**Ms. Li**")	Controlled corporation[2]	28,919,456 (L)	9.23%[3]
Mr. Silvio Rudolf SCHAFFNER ("**Mr. Schaffner**")	Beneficial owner	807,078 (L)	0.26%

Notes:

(1) As at December 31, 2024, the Company had issued 313,389,171 Shares in total. The letter "L" denotes the person's long position in the Shares.

(2) Cosmic Elite Holdings Limited is a subsidiary owned as to 95.31% by Nexus Partners Group Limited. Nexus Partners Group Limited is wholly owned by Vistra Trust (Singapore) Pte. Limited (as the trustee of Joy Avenue Family Trust which was established by Ms. Li as the settlor). Pursuant to the announcement of the Company dated June 15, 2023, upon the restoration of public float on June 15, 2023, Cosmic Elite Holdings Limited held 18,391,016 Shares. The voting rights attached to the Shares held by Sino Fame Ventures Limited ("**Sino Fame**") are vested with Ms. Li. Therefore, Ms. Li is deemed to be interested in the 18,391,016 Shares held by Cosmic Elite Holdings Limited and 10,528,440 Shares held by Sino Fame under the SFO.

(3) In addition, through Cosmic Elite Holdings Limited, Ms. Li held approximately 2.3% unlisted derivatives interest attached to 7,208,000 Shares of the Company embedded in a contract.

Interests in Shares and underlying Shares in Associated Corporations of the Company

Name	Name of Associated Corporations	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of shareholding in associated corporations (%)
Mr. Arthur Crosswell BUTCHER	Boston Scientific Corporation ("**BSC**")	Beneficial owner	367,368[1]	0.02%
Ms. June CHANG	BSC	Beneficial owner	186,018[2]	0.01%

Notes:

1) 978 shares of BSC are held by Mr. Arthur Crosswell BUTCHER and 366,390 shares underlying BSC in respect of the share options and awards granted to Mr. Arthur Crosswell BUTCHER under employer-sponsored retirement savings plan, share options schemes and share award schemes of BSC. BSC is the controlling shareholder of the Company and thus is an associated corporation of the Company.

2) 51,509 shares of BSC are held by Ms. June CHANG and 134,509 shares underlying BSC in respect of the share options and awards granted to Ms. June CHANG under share options schemes and share award schemes of BSC. BSC is the controlling shareholder of the Company and thus is an associated corporation of the Company.

Save as disclosed above, as at December 31, 2024, none of the Directors of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at December 31, 2024, to the best knowledge of the Directors or chief executives of the Company, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares and underlying Shares of the Company

Name of Shareholder	Capacity/Nature of interest	Total number of Shares/underlying Shares held[1]	Approximate percentage of shareholding interest in the Company (%)[1]
Boston Scientific Group plc ("**BSG**")[2]	Beneficial owner	203,702,962 (L)	65.00%
Target Therapeutics, Inc ("**TTI**")[2]	Interest in controlled corporation	203,702,962 (L)	65.00%
Guidant Delaware Holding Corporation ("**GDHC**")[2]	Interest in controlled corporation	203,702,962 (L)	65.00%
Boston Scientific Scimed, Inc. ("**BSS**")[2]	Interest in controlled corporation	203,702,962 (L)	65.00%
Boston Scientific Corporation ("**BSC**")[2]	Interest in controlled corporation	203,702,962 (L)	65.00%
CA Medtech Investment (Cayman) Limited ("**CA Medtech**")[3]	Beneficial owner	29,965,444 (L)	9.56%
CA Medtech Investment II Limited ("**CA Medtech II**")[3]	Interest in controlled corporation	29,965,444 (L)	9.56%
CA Medtech Investment III Limited ("**CA Medtech III**")[3]	Interest in controlled corporation	29,965,444 (L)	9.56%
CPEChina Fund III, L.P. ("**CPEChina Fund III**")[3]	Interest in controlled corporation	30,581,889 (L)	9.76%
CPE Funds III Limited ("**CPE Funds III**")[3]	Interest in controlled corporation; interest jointly held with another person	30,581,889 (L)	9.76%
CPE Holdings Limited[3]	Interest in controlled corporation	30,581,889 (L)	9.76%
CPE Holdings International Limited[3]	Interest in controlled corporation	30,581,889 (L)	9.76%
CPE Global Opportunities Fund, L.P. ("**CPE Global Opportunities Fund**")[3]	Interest in controlled corporation	30,581,889 (L)	9.76%
CPE GOF GP Limited ("**CPE GOF**")[3]	Interest in controlled corporation; interest jointly held with another person	30,581,889 (L)	9.76%
Cosmic Elite Holdings Limited ("**Cosmic Elite**")[4]	Beneficial owner	25,599,016 (L)	8.17%
Nexus Partners Group Limited[4]	Interest in controlled corporation	25,599,016 (L)	8.17%
Vistra Trust (Singapore) Trustee Pte. Limited[4]	Trustee	25,599,016 (L)	8.17%

Notes:

(1) As at December 31, 2024, the Company had issued 313,389,171 Shares in total. The letter "L" denotes the person's long position in the shares.

(2) BSG is wholly-owned by TTI, which is indirectly held as to 48.78% by GDHC and 51.22% by BSS. Both GDHC and BSS are wholly-owned by BSC. Pursuant to the announcement of the Company dated January 26, 2023, the voluntary conditional partial cash offer to acquire 203,702,962 Shares (i.e. the maximum number of Shares to be acquired under the Partial Offer) in the issued share capital of the Company has been declared unconditional in all respects. (Capitalised terms used herein have the same meanings as defined in the said announcement.) Therefore, BSC is deemed to be interested in the Shares held by BSG.

(3) CA Medtech is wholly-owned by CA Medtech II and CA Medtech III, a subsidiary owned as to approximately 85.61% by CPEChina Fund III, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE Funds III, and as to approximately 14.39% by CPE Global Opportunities Fund, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE GOF. CPE Funds III and CPE GOF could jointly control the exercise of the voting power held by CA Medtech. CPE Funds III is a wholly-owned subsidiary of CPE Holdings Limited, which is in turn wholly owned by CPE Holdings International Limited. CPE Holdings International Limited is owned by a number of shareholders that are natural persons, each holding less than 10% in CPE Holdings International Limited. CA Medtech and CPE Investment Wu Limited accepted the Partial Offer disclosed in the announcement of the Company dated December 12, 2022 and the Partial Offer closed on February, 2023. Pursuant to the announcement of the Company dated February 9, 2023, upon the close of the Partial Offer, CPE Investment Wu Limited held 616,445 Shares. CPE Investment Wu Limited is held as to 85.16% by CPEChina Fund III and 14.39% by CPE Global Opportunities Fund. (Capitalised terms used herein have the same meanings as defined in the said announcement.)

(4) Cosmic Elite Holdings Limited is a subsidiary owned as to 95.31% by Nexus Partners Group Limited. Nexus Partners Group Limited is wholly owned by Vistra Trust (Singapore) Pte. Limited (as the trustee of Joy Avenue Family Trust which was established by Ms. Li as the settlor). Pursuant to the announcement of the Company dated June 15, 2023 upon the restoration of public float on June 15, 2023, Cosmic Elite Holdings Limited held 18,391,016 Shares. In addition, Cosmic Elite Holdings Limited held approximately 2.3% unlisted derivatives interest attached to 7,208,000 Shares of the Company embedded in a contract.

Save as disclosed above, as at December 31, 2024, the Company had not been notified by any other persons (other than the Directors of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

ISSUANCE OF DEBENTURES

During the year ended December 31, 2024, no issuance of debentures was made by the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

To the knowledge of the Board, none of the Directors or their associates had any interests in any business which competes or is likely to compete, directly or indirectly, with the businesses of the Group for the year ended December 31, 2024.

RELATED PARTY TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the related party transactions entered into by the Group during the year ended December 31, 2024 are set out in note 35 to the consolidated financial statements.

During the year ended December 31, 2024, the related party transactions in respect of sales of goods as disclosed in note 35(b) to the consolidated financial statements constitute connected transactions as defined in Chapter 14A of the Listing Rules. Those related party transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules, the details of which are disclosed below.

Unless otherwise stated, capitalized terms used below shall have the same meanings as those used in the circular of the Company dated July 28, 2023.

Master Collaboration Agreement

On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Collaboration Agreement to govern the collaboration between the Parties on the commercialization of the products of the Parties from time to time.

Key Terms of the Master Collaboration Agreement

Date	:	July 20, 2023 (after trading hours)
Parties	:	(i) the Company; and (ii) Boston Scientific Group plc, the Controlling Shareholder of the Company
Term	:	July 20, 2023 to December 31, 2025
Major terms	:	***Within the Greater China Region***

The Group will continue to sell any of the Acotec Products in the Greater China Region, and the BSC Group will continue to sell any of the BSC Products in the Greater China Region.

For the purpose of mutual business development, during the term of the Master Collaboration Agreement, on a case-by-case basis, (i) the BSC Group may sell any of the BSC Products to the Group for the Group to resell the same in the Greater China Region; and (ii) the Group may sell any of the Acotec Products to the BSC Group for the BSC Group to resell the same in the Greater China Region, on the terms and conditions of the Master Collaboration Agreement and any Collaboration Definitive Agreement (as defined below).

During the term of the Master Collaboration Agreement, on a case-by-case basis, the Group may provide Manufacturing Services to the BSC Group on the terms and conditions of the Master Collaboration Agreement and any Collaboration Definitive Agreement. The Manufacturing Services may be provided unilaterally by the Group to the BSC Group where the manufacturing cost of the Group is potentially lower.

Other Regions

During the term of the Master Collaboration Agreement, the BSC Group shall have the exclusive distribution rights in respect of the Acotec Selected Products in all countries and regions where any member of the BSC Group has sales network or distributor network coverage, excluding the Greater China Region (the "**Other Regions**") and the BSC Group shall have the absolute discretion in either selling the Acotec Selected Products directly through a member of the BSC Group or by selecting a distributor network in the Other Regions, provided that the BSC Group's exclusive distribution rights in respect of an Acotec Selected Product shall terminate automatically with immediate effect if the BSC Group fails to meet the minimum purchase value for such Acotec Selected Product as set forth in the applicable Collaboration Definitive Agreement, within eighteen (18) months of such Acotec Selected Product's product listed date. For the avoidance of doubt, such automatic termination of exclusive distribution rights in respect of a particular Acotec Selected Product shall not affect or diminish BSC Group's exclusive distribution rights in respect of other Acotec Selected Products.

Initial List of Acotec Selected Products: An initial list of the Acotec Selected Products is set out in the Master Collaboration Agreement and the product listed date for such Acotec Selected Products shall be the date of obtaining the approval from the Independent Shareholders regarding the Master Collaboration Agreement.

Additional Acotec Selected Products: During the term of the Master Collaboration Agreement, in the event that the BSC Group wishes to add any additional Acotec Product into the scope of the Acotec Selected Products, the BSC Group shall provide a written notice to the Company at least six (6) months prior to the contemplated distribution date as specified in such notice. Upon receipt of such written notice, the Company shall then terminate the existing distribution arrangement(s) (if any) in respect of such Acotec Product in accordance with the relevant distribution agreement(s) between the Company and the existing distributor(s) and such Acotec Product shall be included in the scope of the Acotec Selected Products immediately after the termination of the existing distribution arrangement(s) becoming effective.

The termination of the existing distribution arrangement(s) will not give rise to risks of the Group's breaching relevant existing distribution arrangement(s) and the consequential damages/losses as the termination notice period thereunder is normally one (1) to two (2) month(s).

As advised by Frost & Sullivan, it is not uncommon for biotech companies to grant exclusive rights to a distributor in particular territory(ies). Having considered, in particular, (i) the established and comprehensive global commercialization and distribution network of the BSC Group; and (ii) the automatic termination arrangement contemplated under the Master Collaboration Agreement, the Company believes such arrangement is fair and reasonable and in the interest of the Company and its Shareholders as whole.

Newly Registered Acotec Products: During the term of the Master Collaboration Agreement, the Company shall provide a written notice to BSG as soon as practicable each time the Group submits an application for any new Acotec Product to be registered in any of the Other Regions. The BSC Group shall have the right to notify the Company to include such new Acotec Product into the scope of the Acotec Selected Products within sixty (60) days of the receipt of such notice. The Company shall not enter into any distribution arrangement with any person in respect of such new Acotec Product unless the BSC Group notifies the Company that it does not elect to include such new Acotec Product into the scope of the Acotec Selected Products or the BSC Group fails to notify the Company within the aforementioned 60-day period.

Collaboration Definitive Agreement

Subject to the terms of the Master Collaboration Agreement, for the purpose of implementing cross-selling arrangement, distribution arrangement and the Manufacturing Services specified in the Master Collaboration Agreement, any entity within the Group on one hand and any entity within the BSC Group on the other hand shall enter into a separate purchase order, request, confirmatory document, distribution agreement, or other definitive agreement (the "**Collaboration Definitive Agreement**") which shall include the product warranties, payment terms, delivery terms, allocation of liabilities, return policies and such other necessary and customary terms and conditions in connection with the transactions contemplated under the Master Collaboration Agreement.

Pricing Policies

The Parties engaged Frost & Sullivan or any other industry expert of international repute as agreed between the Parties as the independent industry consultant to issue an industry report (the "**Collaboration Industry Report**") within a reasonable period of time after obtaining the approval from the Independent Shareholders regarding the Master Collaboration Agreement, which shall be updated by Frost & Sullivan or such other industry expert upon renewal of the Master Collaboration Agreement or upon such shorter period as the Parties deem necessary with respect to a certain product, which shall contain, among other things, the customary profit sharing mechanisms of products similar or comparable to the BSC Products and the Acotec Products (as the case may be) and the customary fee arrangements of similar or comparable services between the service provider and the service recipient. Profit sharing mechanisms are commonly adopted by manufactures and distributors for similar or comparable products. Parties would be able to identify applicable profit sharing mechanisms by referring to the Collaboration Industry Report as profit sharing mechanisms normally vary among different products and in different regions.

For a particular Acotec Product under a particular Collaboration Definitive Agreement, the independent industry consultant conducted research on profit sharing mechanisms which are commonly adopted for similar or comparable products with relevant price ranges in order to identify the applicable profit sharing mechanism in the Collaboration Industry Report.

Sale of the BSC Products to the Group and sale of the Acotec Products to the BSC Group

The purchase price of each of the BSC Products payable by the Group under any Collaboration Definitive Agreement shall be one single price globally and determined after arm's length negotiation between the Parties on a product-by-product basis (for which there is no one predetermined formula applicable to all the BSC Products) with reference to:

(a) one of the customary profit sharing mechanisms of similar or comparable products between the manufacturer and its independent distributors as provided in the latest Collaboration Industry Report; and

(b) the average sales price of the BSC Products, during the six (6) months period prior to the date of such Collaboration Definitive Agreement, contained in similar existing agreements with independent distributors (e.g. distribution agreements) to which the BSC Group is a party. The Company will, based on the experience of its commercial team, collect the prices of the BSC Products sold by other distributors to the end customers (if available) to assess the scope of the average sales price of the BSC Products. In addition, the business development department or the commercial team will collect market information on the relevant target markets by checking official tendering websites, i.e. the Sunshine Purchase (陽光採購) websites and other official tendering websites then.

The purchase price of each of the Acotec Products payable by the BSC Group under any Collaboration Definitive Agreement shall be one single price globally and determined after arm's length negotiation between the Parties on a product-by-product basis (for which there is no one pre-determined formula applicable to all the Acotec Products) with reference to:

(a) one of the customary profit sharing mechanisms of similar or comparable products between the manufacturer and its independent distributors as provided in the latest Collaboration Industry Report. The Group will determine the sales price of the Acotec Products to end customers with reference to, among other things, the costs of the Acotec Products, the market position of the Acotec Products, the prices of competing products (if any), the differences in safety and efficacy profiles between the Acotec Products and competing products (if any), and the estimated demands for the Acotec Products; and

(b) the average sales price of the Acotec Products, during the six (6) months period prior to the date of such Collaboration Definitive Agreement, contained in similar existing agreements with independent distributors (e.g. distribution agreements) to which the Group is a party to ensure that the sales price is on normal commercial terms.

As the Group has limited experience in the commercialization and distribution of its products in the Other Regions, the Company believes that it is important to refer to the customary profit sharing mechanisms provided in the latest Collaboration Industry Report to ensure that the sales price is on normal commercial terms.

When determining the purchase price of the BSC Products or the sales price of the Acotec Products, the Company will first determine a market price range of a given product by referencing to the customary profit sharing mechanisms, which is primarily based on the market price range of similar or comparable products sold to distributors, if and when necessary, with consideration of the ones sold to the end users, as provided in the latest Collaboration Industry Report. The Company will then negotiate with the BSC Group to determine the final price with reference to the average sales price during the six (6) months period prior to the date of the Collaboration Definitive Agreement to ensure the final price is on normal commercial terms or better.

Provision of the Manufacturing Services by the Group to the BSC Group

The service fee in relation to the Manufacturing Services provided by the Group to the BSC Group shall be paid by the BSC Group pursuant to the terms of the Collaboration Definitive Agreement and shall be determined after the arm's length negotiation between the Parties, with reference to the customary fee arrangements of similar and comparable services between the service provider and the service recipient as provided in the latest Collaboration Industry Report. If a cost-plus arrangement is adopted for particular service, the Company will consider its cost for such service and the customary mark-up rate contained in the Collaboration Industry Report in determining the service fee. If a profit sharing mechanism is adopted for particular service, the Company will consider the customary profit sharing arrangement contained in the Collaboration Industry Report in determining the service fee.

Annual Caps

During each of the following periods, the total amount payable by (i) the Group to the BSC Group in relation to the sale of the BSC Products to the Group; (ii) the BSC Group to the Group in relation to the sale of the Acotec Products to the BSC Group; and (iii) the BSC Group to the Group in relation to the Manufacturing Services, shall not exceed the following caps:

	July 20, 2023 to December 31, 2023	January 1, 2024 to December 31, 2024	January 1, 2025 to December 31, 2025
Sale of the BSC Products to the Group	USD2,000,000	USD2,000,000	USD2,000,000
Sale of the Acotec Products to the BSC Group	USD20,000,000	USD50,000,000	USD110,000,000
Provision of the Manufacturing Services to the BSC Group	USD5,000,000	USD8,000,000	USD10,000,000

Master Service Agreement

On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Service Agreement to govern the mutual provision of R&D Supporting Services and CSO Services from time to time.

Key Terms of the Master Service Agreement

Date : July 20, 2023 (after trading hours)

Parties : (i) the Company; and

(ii) Boston Scientific Group plc, the Controlling Shareholder of the Company

Term : July 20, 2023 to December 31, 2025

Major terms : ***R&D Supporting Services***

During the term of the Master Service Agreement, the Group may provide the BSC Group and vice versa any R&D Supporting Services as agreed by the Parties on the terms and conditions of the Master Service Agreement and any R&D Definitive Agreement (as defined below).

R&D Supporting Services under the Master Service Agreement mainly include, among other things, the following services in relation to research and development of the Products and Services that are provided in line with the ordinary and usual course of business of the Group or the BSC Group (as the case may be):

(a) research and development services in connection with assisting in the development, iteration and sustainment of the Products and Services;

(b) laboratory and testing support;

(c) pre-clinical and clinical support and services including any relevant regulatory support;

(d) prototyping and device supply;

(e) research and development laboratory space;

(f) access to key suppliers and sourcing, manufacturing, packaging, sterilizing, designing and/or distribution services as agreed by the Parties in writing from time to time, in each case, in connection with the underlying R&D Supporting Services;

(g) access to required documentation and quality systems to support the global commercialization of the Products and Services, including global regulatory approvals; and

(h) any other services in relation to research and development as agreed between the Parties from time to time.

There is no material differences between the R&D Supporting Services to be provided by the Group and those to be provided by the BSC Group.

CSO Services

During the term of the Master Service Agreement, on a case-by-case basis, the Group may provide the BSC Group and vice versa the CSO Services as agreed by the Parties on the terms and conditions of the Master Service Agreement and any R&D Definitive Agreement.

CSO Services under the Master Service Agreement mainly include, among other things, services for promotion of the sales of products of the third parties or such other customary services provided by a CSO to its principal in the same or similar type of business arrangements.

There is no material differences between the CSO Services to be provided by the Group and those to be provided by the BSC Group.

R&D Definitive Agreement

Subject to the terms of the Master Service Agreement, for the purpose of implementing R&D Supporting Services arrangement and the CSO Services arrangement, any entity within the Group on one hand and any entity within the BSC Group on the other hand shall enter into a separate service request, confirmatory document, or other definitive agreement (the "**R&D Definitive Agreement**", together with the Collaboration Definitive Agreement, the "**Definitive Agreement(s)**") which shall include the service scope, the service period and such other necessary and customary terms and conditions in connection with the transactions contemplated under the Master Service Agreement.

Intellectual Property Rights

The Parties will enter into separate agreement(s) to govern any intellectual property rights which may arise from the R&D Supporting Services, which shall include, among other things, the ownership, utilization and commercialization of such intellectual property rights, any applicable license arrangements and/or such other terms and conditions that are customary in connection with the transactions contemplated therein.

Detailed terms of, among other things, transfer, in-licensing or out-licensing arrangements of such intellectual property rights and consideration involved will be included in the separate definitive agreement(s) to be entered into by Parties. As at the date of this annual report, no agreement in relation to the intellectual property rights which may arise from the R&D Supporting Services has been entered into. When the terms of agreement(s) in relation to the intellectual property rights arising from the R&D Supporting Services (if any) have been finalized and if such arrangement then constitutes a notifiable transaction and/or nonexempt connected transaction, the Company will comply with the applicable requirements under Chapters 14 and/or 14A of the Listing Rules.

Pricing Policies

The Parties shall engage Frost & Sullivan or any other industry expert of international repute as agreed between the Parties as the independent industry consultant to issue an industry report (the "**Service Industry Report**") within a reasonable period of time after obtaining the approval from the Independent Shareholders regarding the Master Service Agreement, which shall be updated by Frost & Sullivan or such other industry expert upon renewal of the Master Service Agreement or upon such shorter period as the Parties deem necessary with respect to a certain service, which shall contain, among other things, the customary fee arrangements of similar or comparable services between the service provider and the service recipient.

The service fee in relation to the R&D Supporting Services shall be paid by the Group and the BSC Group (as the case may be) pursuant to the terms of the R&D Definitive Agreement and shall be determined after arm's length negotiation between the Parties with reference to the customary fee arrangements of similar or comparable services between the service provider and the service recipient as provided in the latest Service Industry Report.

The service fee in relation to the CSO Services shall be paid by the Group and the BSC Group (as the case may be) pursuant to the terms of the R&D Definitive Agreement and shall be determined after arm's length negotiation between the Parties, with reference to the customary fee arrangements of similar or comparable services between the principal and its CSOs as provided in the latest Service Industry Report.

When a cost-plus arrangement is adopted for particular service, the Company will consider its cost for such service and the customary mark-up rate contained in the Service Industry Report in determining the service fee.

Annual Caps

During each of the following periods, the total amount payable by (i) the BSC Group to the Group in relation to the provision of R&D Supporting Services and CSO Services by the Group to the BSC Group; and (ii) the Group to the BSC Group in relation to the receipt of R&D Supporting Services and CSO Services by the Group from the BSC Group, shall not exceed the following caps:

	July 20, 2023 to December 31, 2023	**January 1, 2024 to December 31, 2024**	**January 1, 2025 to December 31, 2025**
Provision of R&D Supporting Services and CSO Services by the Group to the BSC Group	USD60,000,000	USD110,000,000	USD145,000,000
Receipt of R&D Supporting Services and CSO Services by the Group from the BSC Group	USD50,000,000	USD90,000,000	USD120,000,000

The table below set out the annual caps and the actual transaction amount of the above-mentioned continuing connected transactions for the year ended December 31, 2024:

Continuing Connected Transaction	Connected Person	Connected Relationship	Description		Transaction Amount: Annual cap for the year ended December 31, 2024 (USD'000)	Transaction Amount: Actual Transaction Amount for the year ended December 31, 2024 (USD'000)
Master Collaboration Agreement	Boston Scientific Group plc	Boston Scientific Group plc is the Controlling Shareholder of the Company	The Company and BSG entered into the Master Collaboration Agreement to govern the collaboration between the Parties on the commercialization of the products of the Parties from time to time.	Sale of the BSC Products to the Group	2,000	Nil
				Sale of the Acotec Products to the BSC Group	50,000	5,335
				Provision of the Manufacturing Services to the BSC Group	8,000	Nil
Master Service Agreement	Boston Scientific Group plc	Boston Scientific Group plc is the Controlling Shareholder of the Company	The Company and BSG entered into the Master Service Agreement to govern the mutual provision of R&D Supporting Services and CSO Services from time to time.	Provision of R&D Supporting Services and CSO Services by the Group to the BSC Group	110,000	Nil
				Receipt of R&D Supporting Services and CSO Services by the Group from the BSC Group	90,000	Nil

The independent non-executive Directors had reviewed the above-mentioned continuing connected transactions and confirmed that the transactions had been entered into:

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

(b) on normal commercial terms or better; and

(c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders 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 an unqualified letter containing the findings and conclusions in respect of the above mentioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

The auditor of the Group had informed the Board and confirmed nothing has come to their attention that causes them to believe that the continuing connected transactions:

(a) have not been approved by the Company's board of directors;

(b) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;

(c) were not entered into, in all material respects, in accordance with the relevant agreement governing such transactions; and

(d) have exceeded the annual caps as set by the Company.

During the Reporting Period, there was no connected transaction or continuing connected transaction of the Group which has to be disclosed in accordance with the Listing Rules, save for the foregoing.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significance in relation to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party subsisting during the year ended December 31, 2024 or at the end of the year ended December 31, 2024.

CONTRACT OF SIGNIFICANCE

No contract of significance was entered into between the Company, or one of its subsidiary companies, and a controlling Shareholder or any of its subsidiaries during the year ended December 31, 2024.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2024 between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2024, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

DIRECTORS' PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions arising out of corporate activities against the Directors and officers of the Company and its associated companies during the year ended December 31, 2024 as at the date of this annual report.

Except for such insurances, at no time during the year and up to the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company or associated companies.

STAFF, EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions.

In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non- competition and grounds for termination. The remuneration package of our employees includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. We consider the remuneration package of our employees to be competitive among our domestic competitors. We, by ourselves or through third-party human resource agencies, make contributions to social insurance and housing provident funds for our employees as required by the applicable PRC laws and regulations, and did not have any material non-compliance in this regard during the year ended December 31, 2024.

The Remuneration Committee was set up for reviewing the Group's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

Details of the emoluments of the Directors and five highest paid individuals for the year ended December 31, 2024 are set out in notes 9 and 10 to the consolidated financial statements.

The table below shows the emolument of senior management by band for the year ended December 31, 2024:

Emoluments bands in Hong Kong Dollars ("HKD")	Number of Individuals
HKD1,000,000 to HKD1,500,000	1
HKD1,500,001 to HKD2,000,000	1[(1)]
HKD2,000,001 to HKD2,500,000	–
HKD2,500,001 to HKD3,000,000	1
HKD4,000,000 to HKD4,500,000	1

Note:

1. This denotes Mr. Silvio Rudolf SCHAFFNER, who was re-designated from executive director and chief operating officer to non-executive director with effect from June 12, 2024.

RESTRICTED SHARE UNIT SCHEME

On January 8, 2021, the Board has approved the restricted share unit scheme (the "**RSU Scheme**") and issued 12,228,440 ordinary shares to Sino Fame Ventures Limited, which was established for the purpose of holding shares for granting to the employees.

(a) Purpose of the RSU Scheme

The purpose of the RSU Scheme is to recognize and motivate the contributions the grantees under the RSU Scheme (the "**Grantee(s)**"), provide incentives for them to remain with the Company, and attract suitable personnel for our further development.

An award of RSUs under the RSU Scheme ("**Award(s)**") gives a Participant (defined as below) a conditional right upon the vesting of the Award to obtain either shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of vesting, as determined by the Remuneration Committee in its absolute discretion.

The RSU Scheme shall be valid and effective for period of ten years commencing on the adoption date of the RSU Scheme, after which period no further Awards will be granted. In spite of this, the RSU Scheme in all other respects remain in full force and effect and Awards that are granted during the period may continue to be exercisable in accordance with their terms of issue. At the end of the Reporting Period, the remaining life of the RSU Scheme is approximately five (5) years.

(b) Participants of the RSU Scheme

Participants of the RSU Scheme (the "**Participants**") include the following:

(i) the employees or officers (including executive, non-executive and independent non-executive directors of the Group);

(ii) any person or entity (including but not limited to consultants engaged by the company services to the Group) that provides research, development, consultancy and other technical or operational or administrative support to the Group; and

(iii) any other persons including former employees who, in the sole opinion of the Remuneration Committee of the Company, have contributed or will contribute to the Company or any of its subsidiaries.

(c) Total number of securities available for issue under the RSU Scheme

Number of Shares that may be delivered under the RSU Scheme are 12,228,440 shares of the Company, which represent 3.90% of the issued shares of the Company as at the date of this annual report and are held by Sino Fame Ventures Limited ("**Sino Fame**"), a nominee shareholder on trust for the RSU Scheme. Subject to the total numbers of Shares available under the RSU Scheme and requirements under the Listing Rules, no maximum entitlement of each participant was set up under the RSU Scheme.

During the Reporting Period, there was no grant, vesting, cancellation, lapse or forfeiture of restricted Shares under the RSU Scheme. As at January 1, 2024 and December 31, 2024, 10,128,440 ordinary shares were held by Sino Fame Ventures Limited and were not granted, and no restricted shares were outstanding under the RSU Scheme.

(d) Vesting terms

Subject to the terms of the RSU Scheme and the specific terms and conditions applicable to each Award, the RSU(s) granted in an Award shall be subject to a vesting period (if any) and/or the satisfaction of performance and/or other conditions (if any) to be determined by the Remuneration Committee in its absolute discretion. If such conditions are not satisfied, the vesting date of the RSU(s) shall be postponed for one year. If the vesting terms and conditions of the postponed RSU(s) are not satisfied at the postponed vesting date, the RSU(s) shall automatically lapse. Upon fulfillment or waiver of the vesting period and vesting criteria (if any) applicable to a Grantee, a vesting notice shall be sent to the Grantee by the Remuneration Committee, or by any other means the Remuneration Committee so determines in its sole discretion from time to time, confirming (a) the extent to which the vesting period and conditions have been fulfilled or waived, and (b) the number of shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of these Shares) or the amount of cash the Grantee will receive.

SHARE AWARD SCHEME

The Company adopted the share award scheme (the "**Share Award Scheme**") on December 31, 2021 (the "**Adoption Date**"). Our Company appointed TRIDENT TRUST COMPANY (HK) LIMITED (the "**Trust**") as the trustee of the Share Award Scheme to administer the Share Award Scheme with respect to the grant of any award by the Board (an "**Award**") which may vest in the form of Shares ("**Award Shares**") or the actual selling price of the Award Shares in cash in accordance with the Share Award Scheme.

(a) Purpose of the Share Award Scheme

The purpose of the Share Award Scheme is to recognize the contributions by the Selected Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group.

(b) Participants of the Share Award Scheme

The participants of the Share Award Scheme shall cover any individual, being:

(i) an employee (whether full-time or part-time employee) of any member of the Group provided that the individual shall not cease to be an employee in the case of (a) any leave of absence approved by the relevant member of the Group; or (b) transfer amongst any member of the Group or any successor, and provided further that an employee shall, for the avoidance of doubt, cease to be an employee with effect from (and including) the date of termination of his employment; or

(ii) a director of any member of the Group,

who the Board or any person authorized by the Board for the administration of the Share Award Scheme (the "**Authorized Person**") (as the case may be) considers, in its sole discretion, to have contributed or will contribute to the Group.

However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or an Authorized Person, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Share Award Scheme and such individual shall therefore be excluded.

(c) Administration of the Share Award Scheme

The Share Award Scheme shall be subject to the administration of the Board or an Authorized Person (as the case may be) in accordance with the Share Award Scheme Rules and, where applicable, the Trust Deed. A decision of the Board or an Authorized Person (as the case may be) shall be final and binding on all persons affected thereby.

The Board has the power to administer the Share Award Scheme. The Board or an Authorized Person may from time to time appoint one or more administrators to assist in the administration of the Share Award Scheme.

(d) Grant of Award

The Board or an Authorized Person (as the case may be) may, from time to time, select any Eligible Person to be a Selected Participant and, subject to the Share Award Scheme Rules, grant an Award to such Selected Participant during the Award Period. In determining the Selected Participants, the Board or an Authorized Person (as the case may be) may take into consideration matters including the present and expected contribution of the relevant Selected Participant to the Group.

Where any grant of Award Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with the relevant provisions of the Listing Rules.

No grant of any Award Shares to any Selected Participant may be made:

(i) in any circumstances where the requisite approval from any applicable regulatory authorities has not been granted;

(ii) in any circumstances that any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Share Award Scheme, unless the Board or an Authorized Person (as the case may be) determines otherwise;

(iii) where such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction; and

(iv) where such grant of Award would result in a breach of the Share Award Scheme Limit.,

and any such grant so made shall be null and void to the extent that it falls within the circumstances above.

(e) Timing of Awards

No Award shall be made to Selected Participants and no directions or recommendation shall be given to the Trustee with respect to a grant of an Award under the Share Award Scheme:

(i) where any Director is in possession of unpublished inside information (as defined in the SFO) in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations;

(ii) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results of the Company; and

(iii) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results of the Company.

In respect of the administration of the Share Award Scheme, the Company shall comply with all applicable disclosure regulations including those imposed by the Listing Rules.

(f) Maximum Number of Shares to be Granted

The total number of Award Shares made pursuant to the Share Award Scheme shall not exceed 10% of the total number of issued Shares as at the Adoption Date and as at the date of this annual report. Subject to the total numbers of Award Shares available under the Share Award Scheme and requirements under the Listing Rules, no maximum entitlement of each participant was set up under the Share Award Scheme.

(g) Satisfaction of Awards

To satisfy the Award, the Company shall transfer to the Trust the necessary funds and instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price. The Company shall not instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price, where such action (as applicable) is prohibited under the Listing Rules, the SFO or other applicable laws from time to time.

(h) Vesting of Award Shares

For the purposes of vesting of the Award, the Board or an Authorized Person (as the case may be) may either:

(i) direct and procure the Trustee to release from the Trust the Award Shares to the Selected Participants by transferring the number of Award Shares to the Selected Participants in such manner as determined by them from time to time; or

(ii) to the extent that, at the determination of the Board or an Authorized Person (as the case may be), it is not practicable for the Selected Participant to receive the Award in Shares solely due to legal or regulatory restrictions with respect to the Selected Participant's ability to receive the Award in Shares or the Trustee's ability to give effect to any such transfer to the Selected Participant, the Board or an Authorized Person (as the case may be) will direct and procure the Trustee to sell, by on-market transactions at the prevailing market price, the number of Award Shares so vested in respect of the Selected Participant and pay the Selected Participant the Actual Selling Price of such Award Shares in cash arising from such sale based on the number of Award Shares.

(i) Lapse and Forfeiture of Award

In the event that a Selected Participant does not satisfy the conditions/criteria set out in the award letter issued to such Selected Participant, and the Award does not vest, the Award shall lapse and the Award Shares shall be deemed to be Returned Shares.

If a Selected Participant ceases to be an Eligible Person by reason of retirement of the Selected Participant, any outstanding Award Shares not yet vested shall continue to vest in accordance with the Vesting Date set out in the award letter, unless the Board or an Authorized Person (as the case may be) determines otherwise at its absolute discretion.

If a Selected Participant ceases to be an Eligible Person by reason of (i) death of the Selected Participant, (ii) termination of the Selected Participant's employment or contractual engagement with the relevant member of the Group by reason of his/her permanent physical or mental disablement, (iii) termination of the Selected Participant's employment or contractual engagement with the relevant member of the Group by reason of redundancy, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or an Authorized Person (as the case may be) determines otherwise at its absolute discretion.

If a Selected Participant, being an Employee whose employment is terminated by the relevant member of the Group by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the Selected Participant having been convicted of any criminal offence involving his or her integrity or honesty, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or an Authorized Person (as the case may be) determines otherwise at its absolute discretion.

If a Selected Participant is declared bankrupt or becomes insolvent or makes any arrangements or composition with his or her creditors generally, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or an Authorized Person (as the case may be) determines otherwise at its absolute discretion.

If a Selected Participant ceases to be an Eligible Person for reasons other than those set out above, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or an Authorized Person (as the case may be) determines otherwise at its absolute discretion.

(j) Assignment of Award

Any Award granted under the Share Award Scheme but not yet vested shall be personal to the Selected Participant and cannot be assigned or transferred and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any such Award, or enter into any agreement to do so.

(k) Voting Rights

Neither the Selected Participant nor the Trustee may exercise any of the voting rights in respect of any Award Shares that have not yet vested.

(l) Dividend

A Selected Participant shall have no right to any dividend of the Shares subject to the Award that is granted to him or her and that has not vested or any of the Returned Shares or any dividend of the Returned Shares, all of which shall be retained by the Trustee for the benefit of the Share Award Scheme.

(m) Alteration of the Share Award Scheme

Subject to compliance with the Articles of Association of the Company, all applicable laws, rules and regulations, the Share Award Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Selected Participant unless otherwise provided for in the Share Award Scheme Rules.

(n) Remaining Life of the Share Award Scheme

Unless terminated earlier as determined by the Board, the Share Award Scheme shall be valid and effective for the period commencing on the Adoption Date, and ending on the business day immediately prior to the 10th anniversary of the Adoption Date. At the end of the Reporting Period, the remaining life of the Share Award Scheme shall be approximately seven (7) years.

(o) Termination

Unless terminated earlier as determined by the Board, the Share Award Scheme shall be valid and effective for the Award Period (after which no further Awards will be granted), and thereafter for so long as there are any non-vested Award Shares granted hereunder prior to the expiration of the Share Award Scheme, in order to give effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Share Award Scheme Rules.

Following the settlement, lapse, forfeiture or cancellation (as the case may be) of the last outstanding Award made or can be made under the Share Award Scheme, the Trustee shall sell all the Shares remaining in the Trust within a reasonable time period as agreed between the Trustee and the Company upon receiving notice of the settlement, lapse, forfeiture or cancellation (as the case may be) of such last outstanding Award (or such longer period as the Company may otherwise determine), and remit all cash and net proceeds of such sale and other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, expenses and other existing and future liabilities in accordance with the Trust Deed) to the Company.

(p) Award Shares Granted

No Award Shares were granted, vested, cancelled or lapsed under the Share Award Scheme during the year ended December 31, 2024. No Award Shares were acquired by the Trust from the market for the year ended December 31, 2024.

EQUITY-LINKED AGREEMENTS

No equity-linked agreement was entered into by the Company at any time during or subsisted at the end of the year ended December 31, 2024.

CHARITABLE DONATIONS

The donations made by the Group during the year ended December 31, 2024 amounted to approximately RMB3.3 million.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OR SALE OF TREASURY SHARES

During the year ended December 31, 2024, neither the Company nor any of its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company's listed securities or sold any treasury Shares (as defined under Listing Rules). As at December 31, 2024, the Company did not hold any treasury Shares (as defined under the Listing Rules).

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Shares of the Company were listed on the Main Board of the Stock Exchange on August 24, 2021 by way of Global Offering, and the total net proceeds (the "**Net Proceeds**") received by the Company from the Global Offering amounted to approximately RMB1,294 million after deducting professional fees, underwriting commissions and other related listing expenses.

The intended uses and the balance of the net proceeds as at December 31, 2024 are set out below:

Intended use of proceeds as stated in the Prospectus	Percentage to total amount %	Net proceeds RMB'000	Utilized amount during the Year of 2024 RMB'000	Utilized amount as at December 31, 2024 RMB'000	Unutilized amount as at December 31, 2024 RMB'000	Expected timeline for unutilized amount
Development and commercialization of our Core Products	32	414,067	118,780	337,931	76,136	Year 2027
Development and commercialization of other 24 products	23	297,611	72,858	297,611	–	Year 2024
Expand our production capacity and strengthen our manufacturing capabilities	7	90,577	25,740	90,577	–	Year 2024
Expand our product portfolio through in-house research and development, collaboration, mergers and acquisitions, in-licensing or equity investments	24	310,550	102,985	201,426	109,124	Year 2027
Working capital and other general corporate purposes	8	103,517	18,037	97,592	5,925	Year 2025
Repay the Loan	6	77,638	–	77,638	–	N/A
Total	**100**	**1,293,960**	**338,400**	**1,102,775**	**191,185**	

The Board is not aware of any material change to the planned use of the Net Proceeds as at the date of this annual report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high corporate governance standards. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on page 64 of this annual report.

AUDIT COMMITTEE

The audit committee of the Company, together with the management and the external auditor, had reviewed the accounting policies and practices adopted by the Group as well as the internal control matters, and had also reviewed the Group's consolidated financial statements for the year ended December 31, 2024.

AUDITOR

KPMG was appointed as the auditor of the Company on May 26, 2022, following the retirement of Deloitte Touche Tohmatsu as the auditor of the Company with effect from the same date. Save as disclosed in the foregoing, there is no other change in the auditor of the Company in the preceding three years.

The consolidated financial statements of the Group for the year ended December 31, 2024 have been audited by KPMG, who will retire and, being eligible, offer themselves for re-appointment, and a resolution to this effect shall be proposed at the forthcoming annual general meeting.

On behalf of the Board
Ms. Jing LI
Chairperson of the Board

Hong Kong, March 24, 2025

Corporate Governance Report

The Board is pleased to present this corporate governance report in this annual report (the "**Corporate Governance Report**").

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules and complied with the applicable code provisions during the Reporting Period save for deviation from code provisions C.2.1 and F.1.1 as disclosed below.

The Company is committed to enhancing its corporate governance practices appropriate to the conduct and the growth of its business and to reviewing such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interest of the Company as well as aligning the Company's culture with its purpose, value and strategy.

The Board has delegated the authority and responsibilities for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. All Board committees are provided with sufficient resources to perform their duties.

The Board regularly reviews the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises seven Directors, consisting of one executive Director, three non-executive Directors and three independent non-executive Directors as follows:

Name	Position in the Company
Ms. Jing LI	Chairperson of the Board, Executive Director and chief executive officer
Mr. Silvio Rudolf SCHAFFNER[(1)]	Non-executive Director
Mr. Arthur Crosswell BUTCHER	Non-executive Director
Ms. June CHANG	Non-executive Director
Dr. Yuqi WANG	Independent Non-executive Director
Ms. Hong NI	Independent Non-executive Director
Ms. Kin Yee POON	Independent Non-executive Director

Note:

(1) Mr. Silvio Rudolf SCHAFFNER was re-designated from an executive Director and chief operating officer of the Company to a non-executive Director on June 12, 2024.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The biographical information of the Directors are set out in the section headed "Biographies of Directors and Senior Management" of this annual report and the relationships between the Directors are disclosed in the respective Director's biography.

Save as disclosed in this annual report, to the best knowledge of the Company, there are no financial, business, family or other material relationships among members of the Board.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. According to the current structure of the Board, the positions of the Chairperson and Chief Executive Officer of the Company are held by Ms. Jing LI.

The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors and that the Board comprises three independent non-executive Directors out of seven Directors, and the Board believes there is sufficient check and balance on the Board, (ii) Ms. Jing LI and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of the Company and will make decisions of the Group accordingly, and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Group. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. Finally, as Ms. Jing LI is our principal founder, the Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Independent Non-executive Directors

During the Reporting Period and up to the date of this annual report, the Board has at all times fulfilled the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Independent View

The Board has established mechanisms to ensure independent views and input are available to the Board. The Board ensures the appointment of at least three independent non-executive directors and at least one-third of its members being independent non-executive directors. Further, independent non-executive directors will be appointed to committees of the Board as required under the Listing Rules and as far as practicable to ensure independent views and input are available. The Nomination Committee strictly adheres to the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive directors, and is mandated to assess annually the independence of independent non-executive directors to ensure that they can continually exercise independent judgement. All Directors may also obtain independent professional advice at the Company's expense for carry out their functions.

Appointment and Re-election of Directors

The executive Director has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date, which are subject to termination in accordance with the terms.

Each of the non-executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date, which are subject to termination in accordance with their respective terms.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date and shall be subject to retirement by rotation once every three years.

All Directors will hold office subject to provision of retirement and rotation of directors under the Articles of Association. Pursuant to the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall be subject to retirement by rotation at least once every three years. Any Director required to stand for re-election pursuant to Article 16.2 shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Board has clearly set out the circumstances under which the management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The Board regularly reviews the above said circumstances and ensures they remain appropriate.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

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

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended December 31, 2024, the Company organized training sessions conducted by the legal advisers for all Directors. The training sessions covered a wide range of relevant topics including directors' duties and responsibilities, continuing connected transaction, disclosure of interests and regulatory updates. In addition, relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studying.

The training records of the Directors for the year ended December 31, 2024 and up to the date of this annual report are summarised as follows:

Name of Directors	Attending training, briefings, seminars, conferences and workshops relevant to the Company's industry and business, director's duties and/or corporate governance	Reading news alerts, newspapers, journals, magazines and publications relevant to the Company's industry and business, director's duties and/or corporate governance
Executive Director		
Ms. Jing LI	✓	✓
Non-Executive Directors		
Mr. Silvio Rudolf SCHAFFNER(1)	✓	✓
Mr. Arthur Crosswell BUTCHER	✓	✓
Ms. June CHANG	✓	✓
Independent Non-Executive Directors		
Dr. Yuqi WANG	✓	✓
Ms. Hong NI	✓	✓
Ms. Kin Yee POON	✓	✓

Note:

(1) Mr. Silvio Rudolf SCHAFFNER was re-designated from an executive Director and chief operating officer of the Company to a non-executive Director on June 12, 2024.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, each of which has been delegated responsibilities and reports back to the Board. The roles and functions of these committees are set out in their respective terms of reference. The terms of reference of each of these committees will be revised from time to time to ensure that they continue to meet the needs of the Company and to ensure compliance with the CG Code where applicable. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the Company's website and the Stock Exchange's website.

Audit Committee

The Audit Committee comprises three members, including two independent non-executive Directors, namely Ms. Kin Yee POON and Dr. Yuqi WANG and one non-executive Director, namely Ms. June CHANG. Ms. Kin Yee POON is the chairperson of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, provide advice and comments to the Board and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Reporting Period, the Audit Committee held three meetings to discuss interim results for the six months ended June 30, 2024, annual results for the year ended December 31, 2024, audit plan for the year 2024, significant issues on the financial reporting, operational and compliance controls, effectiveness of the risk management and internal control systems and internal audit function.

The Audit Committee considers that the annual financial results for the year ended December 31, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The Audit Committee also met the external auditors once without the presence of the executive Directors.

Remuneration Committee

The Remuneration Committee comprises three members, including two independent non-executive Directors, namely Dr. Yuqi WANG and Ms. Hong NI and one executive Director, namely Ms. Jing LI. Dr. Yuqi WANG is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include making recommendations to the Board on the remuneration packages of individual executive Directors and senior management (i.e. the second model described in Code Provision E.1.2(c) under the CG Code), making recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management, establishing a formal and transparent procedure for developing remuneration policy to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Reporting Period, the Remuneration Committee held one meeting to review the remuneration policy and structure of the Company and assessed the performance and remuneration packages of the Directors and senior management, and made recommendations to the Board, where appropriate. No material matters relating to share schemes under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Reporting Period.

Nomination Committee

The Nomination Committee comprises three members, including two independent non-executive Directors, namely Dr. Yuqi WANG and Ms. Hong NI and one executive Director, namely Ms. Jing LI. Dr. Yuqi WANG is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the structure, size and diversity required of the Board annually and making recommendations on any proposed change to the Board to complement the Company's corporate strategy; monitoring the implementation of diversity policy for board members, and assessing the independence of independent non-executive Directors.

During the Reporting Period, the Nomination Committee held one meeting to discuss the nomination and appointment matters of Directors, and review the structure, size and composition of the Board and the independence of the independent non-executive Directors.

In accordance with the Articles of Association, Directors shall be elected by the general meeting with a term of three years and may serve consecutive terms if re-elected. Any person appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the next general meeting of the Company, and shall then be eligible for re-election.

At the expiry of a Director's term, the Director may stand for re-election and reappointment for further term. Subject to the compliance of the provisions of the relevant laws and administrative regulations, the general meeting of the Shareholders may dismiss by ordinary resolution any Directors of whom the term of office has not expired (the claim for compensation under any contracts shall however be not affected).

The procedures for the appointment, re-election and removal of directors are set out in the Articles of Association. The Nomination Committee will identify individuals suitably qualified to become directors and make recommendations to the Board on the selection of individuals. The Nomination Committee will determine the composition of board members based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will also make recommendations to the Board of Directors on the appointment or re-appointment of directors and succession planning for directors (in particular the Chairman of the Board of Directors and the general manager), taking into account the Company's corporate strategy and mix of skills, knowledge, experience and diversity needed in the future.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the basic principles to be followed to ensure that the board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. Pursuant to the Board Diversity Policy, the Company seeks to achieve board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

The Board currently consists of four female Directors and three male Directors, and the balanced mix of one executive Director, three non-executive Directors and three independent non-executive Directors with a balanced mix of gender, knowledge, skills, perspectives and experience, including overall management and strategic development, business, science, clinical research, finance, investment, accounting and consulting. The Directors are of the opinion that Board diversity (including gender diversity) has been achieved with reference to the current circumstances of the Company, and the present structure of the Board can ensure the independence and objectivity of the Board and provide a system of checks and balances to safeguard the interests of the Shareholders. We will implement policies to ensure gender diversity when recruiting staff to develop a pipeline of female potential successors to the Board and target to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity based on the availability of candidates and the specific needs of the Board at the time of nominating and electing for new Directors. Furthermore, we will implement comprehensive programs aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the Board.

The Nomination Committee shall review the Board Diversity Policy and the measurable objectives periodically, and as appropriate, to ensure the continued effectiveness of the Board.

Workforce Diversity

The Group follows the principles of openness and equality and does not discriminate against applicants on the basis of gender, race, age, religious beliefs, and other factors. The Group actively promotes diversity in the workforce and encourages the employment of employees from all backgrounds. The Group has established systematic external and internal recruitment management process to ensure the quality of recruitment and select qualified and outstanding talents.

As at December 31, 2024, the gender ratio in the workforce (including senior management) is 247 (male): 403 (female). For further details of gender ratio together with the relevant data, please refer to the Environmental, Social and Governance Report published by the Company.

CORPORATE GOVERNANCE FUNCTIONS

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

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and compliance manual, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

During the Reporting Period, the Company in accordance with code provision C.5.1 of the CG Code, has adopted the practice of holding Board meetings regularly with at least four times a year, and at approximately quarterly intervals with active participation of majority of the Directors, either in person or through electronic means of communication.

The attendance records of each Director at the Board and Board committee meetings of the Company held during the Reporting Period are set out below:

	Attendance/Number of Meeting(s)				
Name of Director	Board meeting(s)	Audit Committee meeting(s)	Remuneration Committee meeting(s)	Nomination Committee meetings(s)	General meeting(s)
Executive Director					
Ms. Jing LI	4/4	N/A	1/1	1/1	1/1
Non-Executive Directors					
Mr. Silvio Rudolf SCHAFFNER[(1)]	3/4	N/A	N/A	N/A	1/1
Mr. Arthur Crosswell BUTCHER	3/4	N/A	N/A	N/A	1/1
Ms. June CHANG	4/4	1/3	N/A	N/A	1/1
Independent Non-Executive Directors					
Dr. Yuqi WANG	4/4	2/3	0/1	0/1	1/1
Ms. Hong NI	4/4	N/A	1/1	1/1	0/1
Ms. Kin Yee POON	4/4	3/3	N/A	N/A	1/1

Note:

(1) Mr. Silvio Rudolf SCHAFFNER was re-designated from an executive Director and chief operating officer of the Company to a non-executive Director on June 12, 2024.

Notices of not less than 14 days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and Board committee meetings, reasonable notice will be generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management attends all regular Board meetings and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The company secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have potential or actual conflicts of interests.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its overall responsibility for the risk management and internal control systems, reviewing their effectiveness at least once a year through Audit Committee. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance that there will be no material misrepresentation or losses. During the Reporting Period, the Audit Committee has reviewed the Company's risk management and internal control systems and processes which covered the whole financial year.

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, establishing and maintaining appropriate effective risk management and internal control systems. The Audit Committee, as delegated by the Board, has reviewed the management and oversee the design, implementation and supervision of the Company's internal control systems covering all significant material controls over risk management, including financial, operational and compliance controls for the Reporting Period.

The Company has adopted risk assessment systems, which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with the Company on an on-going basis. The Audit Committee and the Board supervise the implementation of the Company's risk management policies. The management continuously monitors the Company's business performance and regularly coordinates and organizes the relevant risk management departments to conduct risk management review. Risk management-related department review and improve existing risk management policies, continuously monitor operational risks, financial risks, market risks, policy and regulation risks and moral risks, etc., promptly identify and evaluate various risks faced by the Company and take necessary control measures.

The Company has developed and adopted various risk management procedures and internal control process with defined rights and responsibilities for each key business and function department, including sales and collection management, procurement, payment and expense management, fixed assets management, intangible assets management, intellectual property management, human resources and payroll management, treasury management, inventory management, and IT general controls. Also, the Company has engaged law firms to advise on and keep abreast with both PRC and HK laws and regulations. The Company continually arrange various training provided by external legal advisors from time to time when necessary and/or any appropriate accredited institution to update the Company's Directors, Supervisors and senior management and relevant employees on the latest applicable laws and regulations.

The Company has set up policies that specifies the division of responsibilities for information disclosure and procedures for handling and releasing inside information and other disclosable information. The Company has implemented control procedures to ensure that unauthorized access to and use of inside information are strictly prohibited.

The Company has established an internal audit function to perform regular financial and operational reviews, and risk management and internal control management to build general risk management internal control environment. The Board has reviewed the risk management and internal control systems for the reporting period, which covers financial, operational, compliance procedural and risk management functions, and considers them effective and adequate.

INSIDE INFORMATION

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors. Having made specific enquiries of all the Directors, all the Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period.

The Company's relevant employees, who because of his/her office or employment, are likely to be in possession of inside information of the Company, are also subject to the Model Code. The Company is not aware of any non-compliance of the Model Code by the relevant employees of the Group during the Reporting Period.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024.

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

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

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

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

AUDITORS' REMUNERATION

The total fee paid/payable to the external auditors of the Company, KPMG, in respect of audit services and non-audit services for the year ended December 31, 2024 is set out below:

Service Category	Fees Paid/ Payable RMB'000
Audit Services	3,000
Non-audit Services	150
	3,150

JOINT COMPANY SECRETARIES

Mr. Chen LI ("**Mr. Li**") and Ms. Ching Yi LI ("**Ms. Li**") were appointed as the joint company secretaries of the Company.

Mr. Li has been appointed as our joint company secretary on January 29, 2021. He first joined the Group in 2016 as a product specialist, and was promoted as a product manager in January 2017, as business development manager in March 2018 and has been the business development director since October 2019. Mr. Li obtained his bachelor's degree in telecommunication engineering from The University of New South Wales in Australia in August 2014 and his master's degree from Macquarie University in Australia in January 2016.

Ms. Li is a senior manager of the Listed & Fiduciary Corporate Services Department of Trident Corporate Services (Asia) Ltd., a global professional services firm. She has more than 10 years of professional experience in company secretarial field. Ms. Li is an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom and the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries). Ms. Li has assisted on the Company Secretarial matters of the Company and has closely communicated with Mr. Li.

During the year ended December 31, 2024, each of Mr. Li and Ms. Li has undertaken not less than 15 hours of relevant professional training.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

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

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The general meetings of the Company provide a platform for communication between the Board and the Shareholders. The chairman of the Board as well as chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee or, in their absence, other members of the respective committees, are available to answer Shareholders' questions at general meetings. The external auditor of the Company is also invited to attend the annual general meetings of the Company to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication and to build a communication channel between the Company and the Shareholders, the Company adopts a Shareholders' communication policy and maintains a website (www.acotec.cn), where information and updates on the Company's financial information, corporate governance practices, biographical information of the Board and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Procedures for Shareholders to Convene Extraordinary General Meeting

Article 12.3 of the Articles of Association provides that general meetings shall be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s).

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Procedures for shareholders to propose a person for election as a director

For proposal of a person for election as Director, pursuant to Article 16.4 of the Articles of Association, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

Base on this, if a Shareholder wishes to propose a person (the "**Candidate**") for election as a Director at a general meeting, he/she shall deposit a written notice at the Company's principal place of business in Hong Kong at 19th Floor, Golden Centre, 188 Des Voeux Road Central, Hong Kong. The notice must (i) include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) be signed by the Shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal information.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or in the Companies Law of the Cayman Islands for putting forward proposals of new resolutions by Shareholders at general meetings. Shareholders who wish to move forward a resolution may request the Company to convene a general meeting in accordance with the procedures mentioned above. For proposing a person for election as a Director, please refer to the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiry to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 4-5/F., Building No.1
16 North Hongda Road
Beijing Economic-Technological Development Area
Beijing
PRC
(For the attention of the Board of Directors)
Fax: +86 10 6786 6678
Email: ir@acotec.cn

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Change in constitutional documents

On March 25, 2024, the Board resolved to propose certain amendments to the amended and restated memorandum and articles of association of the Company ("**M&A**") which was adopted on June 23, 2021 and has been effective from the Listing Date. On June 28, 2024, the annual general meeting was held for the Shareholders to approve among others, the amendments to the amended and restated M&A and was adopted as third amended and restated M&A on the same date.

Shareholders' Communication Policy

The Shareholders' Communication Policy aims to set out the provisions which ensure that the Shareholders and in appropriate circumstances, the investment community at large (which include the Company's potential investors as well as analysts who report and analyze the Company's performance), are timely provided with information about the Company (including its financial performance, strategic goals and plans, material developments and corporate governance), in order to enable Shareholders to exercise their rights in an informed manner, and to enhance the communication between the Shareholders, the investment community and the Company.

During the Reporting Period, the Company reviewed the implementation and effectiveness of the Shareholders' Communication Policy, including the multiple communication channels for the Shareholders in place and the steps taken to handle Shareholders' enquiries, and considered that the Shareholders' Communication Policy has been properly implemented and effective.

Dividend Policy

Code provision F.1.1 of the CG Code provides that the issuer should have a policy on payment of dividends. As the Company expects to retain all future earnings for use in the operation and expansion of the business and does not have any dividend policy to declare or pay any dividends in the near future. The Board will review the Company's status periodically and consider adopting a dividend policy if and when appropriate.

Independent Auditor's Report

to the board of directors of
Acotec Scientific Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Acotec Scientific Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 83 to 158, which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") 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 Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have 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 MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 this matter.

Revenue Recognition

Refer to Note 4 to the consolidated financial statements and the accounting policies on pages 104 to 105.

The Key Audit Matter

The Group's revenue primarily derived from provision of treatment solutions for vascular diseases to its customers.

The Group recognizes revenue at the point in time when control of the goods is transferred to the customer. Depending on the terms of the contracts, this point in time will either be when the goods are delivered to the customer's premises or a location designated by the customer and have been accepted by the customers for domestic sales, or when the goods are loaded on board of shipping vessels for export sales.

We identified the recognition of revenue as a key audit matter because revenue is a key performance indicator of the Group and its significance to the consolidated financial statements which increase the risk of misstatement of revenue recognition.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls in relation to revenue recognition;
- inspecting, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and assessing the Group's policies in respect of the recognition of revenue with reference to the requirements of the prevailing accounting standards;
- comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with underlying documentation, including shipping documents and goods acceptance notes, as applicable under the different sales contracts, to assess whether the related revenue had been recognized in the appropriate financial period on the basis of the sales terms as set out in the respective sales contracts;

Revenue Recognition

Refer to Note 4 to the consolidated financial statements and the accounting policies on pages 104 to 105.

The Key Audit Matter

How the matter was addressed in our audit

- on a sample basis, obtaining confirmations from customers of the Group, on sales transactions during the year and, for unreturned confirmations, performing alternative procedures by comparing details of the transactions with underlying documentation; and

- inspecting manual journal entries relating to revenue recognition during the year which were considered to meet specific risk-based criteria, enquiring of management the reasons for such adjustments and comparing the details of the adjustments with relevant underlying documentation.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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 assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

We communicate with 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Ting Yuen.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

March 24, 2025

Consolidated Statement of Profit or Loss

for the year ended December 31, 2024
(Expressed in Renminbi ("RMB"))

	Note	2024 RMB'000	2023 RMB'000
Revenue	4	**533,988**	473,848
Cost of sales		**(131,266)**	(96,433)
Gross profit		**402,722**	377,415
Other income	5	**40,429**	35,397
Other net losses	6	**(4,780)**	(16,596)
Reversal of impairment losses on trade receivables		**120**	184
Selling and distribution expenses		**(92,784)**	(97,544)
Research and development expenses		**(216,773)**	(190,070)
Administrative expenses		**(64,927)**	(83,777)
Profit from operations		**64,007**	25,009
Finance costs	7(a)	**(11,504)**	(9,958)
Share of profit/(loss) of an associate		**98**	(599)
Profit before taxation	7	**52,601**	14,452
Income tax (expenses)/credit	8	**(321)**	35
Profit for the year		**52,280**	14,487
Attributable to:			
Equity shareholders of the Company		**52,280**	14,487
Profit for the year		**52,280**	14,487
Earnings per share (RMB)	11		
Basic and diluted		**0.17**	0.05

The notes on pages 90 to 158 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended December 31, 2024
(Expressed in RMB)

	2024 *RMB'000*	2023 *RMB'000*
Profit for the year	**52,280**	14,487
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of		
– financial statements of entities with functional currencies other than RMB	**1,008**	692
Other comprehensive income for the year	**1,008**	692
Total comprehensive income for the year	**53,288**	15,179
Attributable to:		
Equity shareholders of the Company	**53,288**	15,179
Total comprehensive income for the year	**53,288**	15,179

The notes on pages 90 to 158 form part of these financial statements.

Consolidated Statement of Financial Position

(Expressed in RMB)

	Note	December 31, 2024 RMB'000	December 31, 2023 RMB'000
Non-current assets			
Property, plant and equipment	12	**149,890**	124,940
Right-of-use assets	13	**177,976**	214,396
Intangible assets	14	**47,489**	4,402
Goodwill	15	**1,150**	1,150
Interest in an associate	17	**20,561**	20,463
Financial assets measured at fair value through profit or loss ("FVPL")	18	**30,804**	10,743
Deposits paid for acquisition of property, plant and equipment and intangible assets		**15,612**	13,732
Rental deposits		**8,520**	10,107
		452,002	399,933
Current assets			
Inventories	19	**155,989**	150,958
Trade receivables	20	**161,099**	143,643
Prepayments, deposits and other receivables	21	**29,294**	37,115
Financial assets measured at amortized cost	22	**54,621**	–
Pledged deposits		**–**	200
Time deposits	23	**58,181**	241,581
Cash and cash equivalents	24	**751,388**	637,627
		1,210,572	1,211,124
Current liabilities			
Trade and other payables	25	**93,392**	76,434
Contract liabilities	26	**7,745**	3,873
Bank loans	27	**10,000**	10,000
Lease liabilities	28	**23,654**	25,938
		134,791	116,245
Net current assets		**1,075,781**	1,094,879
Total assets less current liabilities		**1,527,783**	1,494,812

The notes on pages 90 to 158 form part of these financial statements.

Consolidated Statement of Financial Position

(Expressed in RMB)

	Note	December 31, 2024 RMB'000	December 31, 2023 RMB'000
Non-current liabilities			
Lease liabilities	28	**169,262**	198,059
Deferred income	29	**8,515**	–
Deferred tax liabilities	30(b)	**190**	225
		177,967	198,284
NET ASSETS		**1,349,816**	1,296,528
CAPITAL AND RESERVES			
Share capital	32	**20**	20
Reserves	32	**1,349,796**	1,296,508
Total equity attributable to equity shareholders of the Company		**1,349,816**	1,296,528
TOTAL EQUITY		**1,349,816**	1,296,528

Approved and authorized for issue by the board of directors on March 24, 2025.

Jing LI

Silvio Rudolf SCHAFFNER

Directors

The notes on pages 90 to 158 form part of these financial statements.

Consolidated Statement of Changes in Equity

For The Year Ended December 31, 2024
(Expressed in RMB)

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Shares held under RSU Scheme RMB'000	Share based payments reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at December 31, 2022 and January 1, 2023		20	1,370,078	(16,560)	(1)	48,607	172,495	2,500	62	(102,419)	(198,693)	1,276,089
Changes in equity for 2023:												
Profit for the year		–	–	–	–	–	–	–	–	–	14,487	14,487
Other comprehensive income		–	–	–	–	–	–	–	692	–	–	692
Total comprehensive income		–	–	–	–	–	–	–	692	–	14,487	15,179
Equity settled share-based transactions	*31(a)*	–	–	–	–*	5,260	–	–	–	–	–	5,260
Balance at December 31, 2023		20	1,370,078	(16,560)	(1)	53,867	172,495	2,500	754	(102,419)	(184,206)	1,296,528

* The balance represents an amount less than RMB1,000.

The notes on pages 90 to 158 form part of these financial statements.

Consolidated Statement of Changes in Equity

For The Year Ended December 31, 2024
(Expressed in RMB)

	Share capital *RMB'000*	Share premium *RMB'000*	Shares held for share award scheme *RMB'000*	Shares held under RSU Scheme *RMB'000*	Share based payments reserve *RMB'000*	Capital reserve *RMB'000*	Statutory reserve *RMB'000*	Exchange reserve *RMB'000*	Other reserve *RMB'000*	Accumulated losses *RMB'000*	Total equity *RMB'000*
Balance at December 31, 2023 and January 1, 2024	20	1,370,078	(16,560)	(1)	53,867	172,495	2,500	754	(102,419)	(184,206)	1,296,528
Changes in equity for 2024:											
Profit for the year	–	–	–	–	–	–	–	–	–	52,280	52,280
Other comprehensive income	–	–	–	–	–	–	–	1,008	–	–	1,008
Total comprehensive income	–	–	–	–	–	–	–	1,008	–	52,280	53,288
Balance at December 31, 2024	20	1,370,078	(16,560)	(1)	53,867	172,495	2,500	1,762	(102,419)	(131,926)	1,349,816

The notes on pages 90 to 158 form part of these financial statements.

Consolidated Cash Flow Statement

For The Year Ended December 31, 2024
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Cash generated from/(used in) operations	24(b)	**103,148**	(12,883)
Tax paid	30(a)	**(356)**	–
Net cash generated from/(used in) operating activities		**102,792**	(12,883)
Investing activities			
Net proceeds from/(payments for) the rental deposits		**460**	(4,721)
Payments for the purchase of property, plant and equipment		**(52,062)**	(79,600)
Proceeds from sale of property, plant and equipment		**50**	–
Expenditure on development project		**(41,454)**	–
Payments for the purchase of intangible assets		**(3,965)**	(57)
Payments for the purchase of financial assets measured at FVPL		**(17,139)**	(6,250)
Decrease in pledged bank deposits		**200**	–
Decrease/(increase) in time deposits		**182,841**	(240,812)
Payments for purchase of financial assets measured at amortized cost		**(54,621)**	–
Payment for interest in an associate		**–**	(5,512)
Interest received		**30,706**	17,736
Net cash generated from/(used in) investing activities		**45,016**	(319,216)
Financing activities			
Proceeds from bank loans	24(c)	**54,967**	30,000
Repayment of bank loans	24(c)	**(54,967)**	(20,000)
Interest paid	24(c)	**(1,878)**	(408)
Capital element of lease rentals paid	24(c)	**(23,738)**	(23,249)
Interest element of lease rentals paid	24(c)	**(9,626)**	(9,550)
Net cash used in financing activities		**(35,242)**	(23,207)
Net increase/(decrease) in cash and cash equivalents		**112,566**	(355,306)
Cash and cash equivalents at 1 January	24(a)	**637,627**	986,455
Effect of foreign exchange rate changes		**1,195**	6,478
Cash and cash equivalents at 31 December	24(a)	**751,388**	637,627

The notes on pages 90 to 158 form part of these financial statements.

Notes to the Financial Statements

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

Acotec Scientific Holdings Limited (the "Company") was incorporated in the Cayman Islands on December 3, 2020, as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong limited (the "HKEX") with effect from August 24, 2021. The Company and its subsidiaries (collectively as the "Group") are principally engaged in research and development on providing treatment solutions for vascular diseases. The principal place of business of the Group is located at 4-5/F., Building No. 1, No. 16 North Hongda Road, Beijing Economic-Technological Development Area, Beijing, the People's Republic of China (the "PRC").

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2024 comprise the Group and the Group's interest in an associate.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the assets and liabilities are stated at their fair value as explained in the accounting policies set out in Note 2(g).

2 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

The Group has applied the following new and amended IFRS Accounting Standards issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments") and amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")

- Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*

- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognized at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the expected credit losses ("ECL"s) model to such other long-term interests where applicable (see Note 2(k)(i)).

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent there is no evidence of impairment.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(k)).

(g) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries and an associate, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 33(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(u)(ii)(a)), foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

- fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in OCI. When the investment is derecognized, the amount accumulated in OCI is recycled from equity to profit or loss.

- FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Other investments in securities (Continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income.

(h) Property, plant and equipment

Property, plant and equipment, including right-of-use assets (see Note 2(j)) are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(k)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Machineries	5-10 years
– Motor vehicles	3-5 years
– Furniture, equipment and tools	3-10 years
– Leasehold improvements	Shorter of the term of the relevant lease or 5 years
– Right-of-use assets	Lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Intangible assets (other than goodwill)

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalized development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses (see Note 2(k)).

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss:

The estimated useful lives for the current and comparative periods are as follows:

– Patent rights	10 years
– Software	1-10 years
– Product technology	10 years
– Capitalized development costs	10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets with finite useful lives are tested for impairment when there is an indicator of impairment. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and when there is an indicator of impairment (see Note 2(k)(ii)).

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Leased assets (Continued)

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(h) and 2(k)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortized cost (see Notes 2(g)(i), 2(u)(ii)(a) and 2(k)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Leased assets (Continued)

As a lessee (Continued)

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for ECLs on financial assets measured at amortized cost (including cash and cash equivalents, pledged deposits, structured bank deposits, time deposits and trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor 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).

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

2 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise 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 recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 CGU.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 2(k)(i) and (ii)).

Impairment losses recognized in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognized had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Inventories

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of work in progress, costs include direct labour and appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(u)(i)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such latter cases, a corresponding receivable is also recognized (see Note 2(n)).

(n) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables are initially measured at their transaction price. Other receivables are initially measured at fair value plus transaction costs. All receivables are stated at amortized cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(k)(i)).

(p) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with Note 2(w).

2 MATERIAL ACCOUNTING POLICIES (Continued)

(r) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured by reference to the market price or the valuer's valuation of the underlying shares, without taking into consideration all non-market vesting conditions. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

Where the share-based payment awards are forfeited due to a failure by the employees to satisfy the vesting conditions, the accumulated expenses previously recognized in relation to such awards are reversed at the date of the forfeiture. Where the share-based payment awards are cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

For shares granted from a parent company to the employees of the Group, the relevant share-based payments would be recognized as an expense of the Group and capital contribution from the parent company.

Share-based payment transactions in which the Company grants share based payment awards to subsidiaries' employees are accounted for as an increase in value of investment in subsidiaries in the Company's financial position which is eliminated on consolidation.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(s) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– taxable temporary differences arising on the initial recognition of goodwill.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(t) Provisions

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognizes revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognized when control over a product is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Sale of medical devices

Revenue is recognized when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers, but the Group generally provides credit terms to customers upon customer acceptance. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(u) Revenue and other income (Continued)

(i) Revenue from contracts with customers (Continued)

Sale of medical devices (Continued)

(a) Variable consideration

For contracts that contain variable consideration (i.e. incentive programme offered to certain distributors), the Group estimates the amount of consideration to which it will be entitled using the expected value method.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

(b) Sale with a right of exchange

For a sale of products with a right of exchange for dissimilar products, the Group recognizes all of the following:

- revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognized for the products expected to be exchanged); and

- a contract liability.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(u) Revenue and other income (Continued)

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognized using the effective interest method. The "effective interest rate" is 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. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(b) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss on a systematic basis over the useful life of the asset.

(v) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(x) Related parties

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

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

(ii) has significant influence over the Group; or

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

(b) An entity is related to the Group if any of the following conditions applies:

(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 employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

2 MATERIAL ACCOUNTING POLICIES (Continued)

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

Capitalization of research and development expenses

Development expenses incurred on the Group's procedural medical product pipelines are capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management assesses the progress of each of the research and development projects and determines whether the criteria are met for capitalization.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(b) Sources of estimation uncertainty

Notes 15, 31 and 33 contains information about the assumptions and their risk factors relating to goodwill impairment, fair value of share-based payments transactions and financial instruments. Other significant sources of estimation uncertainty are as follows:

(i) Sales with a right to exchange

Sales contracts with certain distributors allow certain distributors to exchange for unsold products with expiry date less than six months. Therefore, the Group has recognized a contract liability arising from sales with a right to exchange. Revenue for the products expected to be exchanged would not be recognized based on historical product exchange rate. Changing of the product exchange rate by certain distributors could materially affect the revenue amount.

(ii) Impairment of capitalized development costs

Intangible assets not ready for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the intangible asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an intangible asset's fair value less costs of disposal and value in use. The impairment assessment of intangible assets involves significant management's estimates and judgements.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the research and development on providing treatment solutions for vascular diseases.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

Revenue from contracts with customers within the scope of IFRS 15	**2024** ***RMB'000***	2023 *RMB'000*
Type of goods		
– Core products*	**320,302**	323,536
– Venous intervention, vascular access and other products	**213,686**	150,312
	533,988	473,848
Type of customers		
– Domestic distributors	**500,300**	449,496
– Domestic hospitals	**8,487**	8,730
– Oversea customers	**25,201**	15,622
	533,988	473,848

* The core products represent the drug-coated balloons ("DCB") products.

The Group mainly sells core products and other medical devices to its distributors. During the years ended December 31, 2024 and 2023, the revenue is recognized at a point in time when the customers obtain the control of products, i.e. upon the acceptance of the products by the distributors.

Based on the Group's sales contracts with the distributors, except the right to exchange for certain unsold products with expiry date less than six months, they can only return or request for refund if the product delivered to them does not meet the pre-specified quality requirement, otherwise, the Group does not accept product returns without the management's consent.

4 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(i) Disaggregation of revenue (Continued)

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 of not disclosing the information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of products that had an original expected duration of one year or less.

Revenue from major customers which accounts for 10% or more of the Group's revenue are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Customer A	**268,742**	105,059
Customer B	**79,305**	153,693
Customer C	**–***	104,405
Customer D	**53,663**	51,150
	401,710	414,307

* Transactions with this customer did not exceed 10% of the Group's revenue in the respective years.

(ii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets, rental deposits and deposits paid for acquisition of property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location of customers is based on the location at which the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, rental deposit, right-of-use assets and deposits paid for acquisition of property, plant and equipment and intangible assets, and the location of the operation to which they are allocated in the case of intangible assets.

4 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(ii) Geographic information (Continued)

Revenue from external customers

	2024 RMB'000	2023 RMB'000
Mainland China	**508,787**	458,226
Other countries and regions	**25,201**	15,622
	533,988	473,848

Specified non-current assets

	2024 RMB'000	2023 RMB'000
Mainland China	**382,318**	356,480
United States of America ("United States")	**17,169**	11,097
	399,487	367,577

(b) Segment reporting

For the purpose of resource allocation and assessment of segment performance, the management of the Group, being the chief operating decision maker, focuses and reviews on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

5 OTHER INCOME

	2024 RMB'000	2023 RMB'000
Government grants *(Note)*	**8,662**	15,533
Interest income	**30,147**	18,505
Others	**1,620**	1,359
	40,429	35,397

Note:

Government grants mainly include subsidies granted from local government to reward the Group's contribution to the local economy and encourage technology innovation.

As at the end of the reporting period, there was no unfulfilled condition or other contingency attaching to the government grants that had been recognized by the Group.

6 OTHER NET LOSSES

	2024 RMB'000	2023 RMB'000
Net foreign exchange losses	**(158)**	(13,704)
Net loss on disposal of property, plant and equipment and right-of-use assets	**(6,611)**	(152)
Net unrealized gains/(losses) on financial assets measured at FVPL	**2,922**	(2,767)
Net realized gains on forward contracts	**1,656**	–
Written off of the rental deposits	**(1,127)**	–
Others	**(1,462)**	27
	(4,780)	(16,596)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2024 RMB'000	2023 RMB'000
Interest expenses on lease liabilities	**9,626**	9,550
Interest expenses on bank loans	**271**	283
Others	**1,607**	125
	11,504	9,958

(b) Staff costs

	2024 RMB'000	2023 RMB'000
Salaries, bonus and other benefits	**193,539**	182,381
Retirement benefits scheme contributions *(Note)*	**13,919**	13,994
Share-based payments *(Note 31)*	**–**	5,260
	207,458	201,635

Note: Pursuant to the relevant labour rules and regulations in the PRC, the subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "Schemes") organized by the local government authorities whereby the subsidiaries in the PRC are required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. The Group has no other obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above. There are no forfeited contributions that may be used by the Group (as the employer) to reduce its contributions in future years (2023: Nil).

7 PROFIT BEFORE TAXATION (Continued)

(c) Other items

	2024 RMB'000	2023 RMB'000
Depreciation and amortization		
– owned property, plant and equipment	**19,745**	15,159
– right-of-use assets	**29,903**	30,346
– intangible assets	**831**	753
Less: expenses capitalized into intangible assets	**(499)**	–
	49,980	46,258
Cost of inventories *(Note i)*	**111,577**	77,740
Royalty fees (included in cost of sales)	**19,689**	18,693
Provision for write-down of inventories	**4,621**	272
Research and development expenses *(Note ii)*	**258,726**	190,070
Less: expenses capitalized into intangible assets *(Note 14)*	**(41,953)**	–
	352,660	286,775
Auditors' remuneration		
– audit services	**3,000**	3,000
– non-audit services	**150**	295
	3,150	3,295

Notes:

(i) Cost of inventories includes amounts relating to staff costs, depreciation and amortization expenses and provision for write-down of inventories, which are also included in the respective total amounts disclosed separately above or in Note 7(b) for each of these types of expenses.

(ii) Research and development expenses includes amounts relating to staff costs, depreciation and amortization expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2024 RMB'000	2023 RMB'000
Current tax		
Withholding income tax	**341**	–
Under provision in respect of prior years	**15**	–
	356	–
Deferred tax		
Reversal of temporary differences *(Note 30(b))*	**(35)**	(35)
	321	(35)

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

(ii) Effective from January 1, 2008, under the Mainland China Corporate Income Tax Law, the Mainland China statutory income tax rate is 25%. The Group's subsidiaries in the Mainland China are subject to Mainland China income tax at 25% unless otherwise specified.

According to the Mainland China income tax law and its relevant regulations, entities that qualified as High and New Technology Enterprise ("HNTE") are entitled to a preferential income tax rate of 15%. Acotec Scientific Co., Ltd. has been qualified as HNTE by the Science and Technology Bureau of Beijing and relevant authorities and is subject to income tax at the rate of 15% for the years ended December 31, 2024 and 2023. VascuPatent Medical (Shenzhen) Co., Ltd. has been qualified as HNTE by the Science and Technology Bureau of Shenzhen and relevant authorities in November 2023 for a term of three years and is subject to income tax at the rate of 15% for the year ended December 31, 2024 and 2023.

According to the Mainland China income tax law and its relevant regulations, an additional 100% (2023: 100%) of qualified research and development expenses so incurred is allowed to be deducted from taxable income for the years ended December 31, 2024 and 2023.

(iii) No provision for Hong Kong Profits Tax was made for the Group as it does not have any assessable profits subject to Hong Kong Profits Tax for the years ended December 31, 2024 and 2023.

(iv) The subsidiary in the United States is subject to Federal Income tax at a tax rate of 21% and the State Income tax of 8.84% for the years ended December 31, 2024 and 2023.

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

(b) Reconciliation between tax expense/(credit) and accounting profit at applicable tax rates:

	2024 ***RMB'000***	2023 *RMB'000*
Profit before taxation	**52,601**	14,452
Notional tax on profit before taxation, calculated using the Mainland China statutory tax rate of 25%	**13,150**	3,613
Tax effect of different tax rates	**(15,081)**	(8,178)
Tax effect of non-deductible expenses	**1,266**	3,454
Tax effect of deductible temporary differences not recognized	**4,533**	743
Additional deduction for qualified research and development costs	**(21,960)**	(15,923)
Tax effect on tax losses not recognized	**23,511**	24,682
Utilization of tax losses previously not recognized	**(5,454)**	(8,322)
Withholding income tax	**341**	–
Under provision in respect of prior years	**15**	–
Others	**–**	(104)
Actual tax expense/(credit)	**321**	(35)

9 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2024 Total *RMB'000*
Executive director					
Jing LI *(Chief executive officer) (Note ii)*	–	**2,757**	**884**	**83**	**3,724**
Non-Executive directors					
Silvio Rudolf SCHAFFNER *(Note iii)*	–	**1,512**	–	–	**1,512**
Arthur Crosswell BUTCHER *(Note vii)*	–	–	–	–	–
June CHANG *(Note vii)*	–	–	–	–	–
Independent non-executive directors					
Kin Yee POON *(Note vi)*	**219**	–	–	–	**219**
Yuqi WANG *(Note vi)*	**219**	–	–	–	**219**
Hong NI *(Note vi)*	**219**	–	–	–	**219**
	657	**4,269**	**884**	**83**	**5,893**

	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2023 Total *RMB'000*
Executive directors					
Jing LI (Chief executive officer) *(Note ii)*	–	2,743	884	63	3,690
Silvio Rudolf SCHAFFNER *(Note iii)*	–	2,256	–	–	2,256
Non-Executive directors					
Arthur Crosswell BUTCHER *(Note vii)*	–	–	–	–	–
June CHANG *(Note vii)*	–	–	–	–	–
Ke TANG *(Note iv)*	–	–	–	–	–
Chen CHEN *(Note v)*	–	–	–	–	–
Independent non-executive directors					
Kin Yee POON *(Note vi)*	216	–	–	–	216
Yuqi WANG *(Note vi)*	216	–	–	–	216
Hong NI *(Note vi)*	216	–	–	–	216
	648	4,999	884	63	6,594

9 DIRECTORS' EMOLUMENTS (Continued)

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

Notes:

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

(ii) Jing LI was appointed as a director on December 3, 2020 and appointed as the chairperson of the Board and re-designated as an executive director on January 29, 2021.

(iii) Silvio Rudolf SCHAFFNER was appointed as a director on December 3, 2020 and re-designated as an executive director on January 29, 2021, and re-designated as a non-executive director on June 12, 2024.

(iv) Ke TANG was appointed as non-executive director on December 3, 2020 and was re-designated as non-executive director on January 29, 2021, and has resigned on February 9, 2023.

(v) Chen CHEN was appointed as non-executive director on December 3, 2020 and has resigned on February 9, 2023.

(vi) Kin Yee POON, Yuqi WANG and Hong NI were appointed as an independent non-executive director on January 29, 2021 and effective from the listing on HKEX on August 24, 2021.

(vii) Arthur Crosswell BUTCHER and June CHANG were appointed as non-executive directors on February 9, 2023.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2023: one) is the director whose emolument is disclosed in Note 9. The aggregate of the emoluments in respect of the other four (2023: four) individuals are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Salaries and other benefits	**6,714**	7,057
Discretionary bonus *(Note)*	**2,070**	1,975
Retirement benefits scheme contributions	**270**	245
	9,054	9,277

Note: Discretionary bonus is determined by reference to the duties and responsibilities of the relevant individuals within the Group and the Group's performance.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS (Continued)

The emoluments of the four (2023: four) individuals with the highest emoluments are within the following bands:

	2024 Number of individuals	2023 Number of individuals
Emoluments bands in Hong Kong Dollars ("HKD")		
HKD1,500,001 to HKD2,000,000	**1**	–
HKD2,000,001 to HKD2,500,000	**1**	1
HKD2,500,001 to HKD3,000,000	**1**	2
HKD3,000,001 to HKD3,500,000	**1**	1
	4	4

During the year ended December 31, 2024, no emoluments were paid by the Group to any of the executive directors, non-executive director, independent non-executive director or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: nil). None of the directors and chief executive has waived any emoluments during the year December 31, 2024 (2023: nil).

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB52,280,000 (2023: RMB14,487,000) and the weighted average of 301,077,842 ordinary shares (2023: 301,077,842 ordinary shares) in issue during the year.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the years ended December 31, 2024 and 2023. The calculated diluted earnings per share equals the basic earnings per share at December 31, 2024 and 2023.

12 PROPERTY, PLANT AND EQUIPMENT

	Machineries *RMB'000*	Motor vehicles *RMB'000*	Furniture, equipment and tools *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
Cost:					
At January 1, 2023	53,474	304	9,709	44,015	107,502
Additions	18,396	–	7,450	45,555	71,401
Disposals	(32)	–	(727)	–	(759)
At December 31, 2023 and January 1, 2024	**71,838**	**304**	**16,432**	**89,570**	**178,144**
Additions	**23,591**	**–**	**2,006**	**26,585**	**52,182**
Disposals	**(346)**	**–**	**(946)**	**(23,746)**	**(25,038)**
At December 31, 2024	**95,083**	**304**	**17,492**	**92,409**	**205,288**
Accumulated depreciation:					
At January 1, 2023	(11,222)	(289)	(4,941)	(22,122)	(38,574)
Charge for the year	(4,086)	–	(2,306)	(8,767)	(15,159)
Written back on disposals	27	–	502	–	529
At December 31, 2023 and January 1, 2024	**(15,281)**	**(289)**	**(6,745)**	**(30,889)**	**(53,204)**
Charge for the year	**(5,335)**	**–**	**(3,741)**	**(10,669)**	**(19,745)**
Written back on disposals	**258**	**–**	**649**	**16,644**	**17,551**
At December 31, 2024	**(20,358)**	**(289)**	**(9,837)**	**(24,914)**	**(55,398)**
Net book value:					
At December 31, 2024	**74,725**	**15**	**7,655**	**67,495**	**149,890**
At December 31, 2023	56,557	15	9,687	58,681	124,940

13 RIGHT-OF-USE ASSETS

	Leased properties *RMB'000*
Cost:	
At January 1, 2023	68,517
Additions	201,030
Written off	(5,366)
At December 31, 2023 and January 1, 2024	**264,181**
Additions	**4,167**
Written off	**(20,506)**
At December 31, 2024	**247,842**
Accumulated depreciation:	
At January 1, 2023	(23,315)
Charge for the year	(30,346)
Written off	3,876
At December 31, 2023 and January 1, 2024	**(49,785)**
Charge for the year	**(29,903)**
Written off	**9,822**
At December 31, 2024	**(69,866)**
Net book value:	
At December 31, 2024	**177,976**
At December 31, 2023	214,396

The Group has obtained the right to use properties as its offices through tenancy agreements. The leases typically run for an initial period of 2 to 10 years. Certain lease payments are increased every one year to reflect market rentals.

13 RIGHT-OF-USE ASSETS (Continued)

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:		
Leased properties	**29,903**	30,346
Interest on lease liabilities *(Note 7(a))*	**9,626**	9,550
Expenses related to short-term leases	**203**	302

During the year, additions to right-of-use assets were RMB4,167,000 (2023: RMB201,030,000). The addition was mainly due to the capitalized lease payments payable under new tenancy agreements and a number of lease agreements extended for use of property.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 24(d) and 33(b), respectively.

14 INTANGIBLE ASSETS

	Capitalized development costs *RMB'000*	Patent rights *RMB'000*	Software *RMB'000*	Product technology *RMB'000*	Total *RMB'000*
Cost:					
At January 1, 2023	–	102	5,666	1,400	7,168
Additions	–	57	–	–	57
At December 31, 2023 and January 1, 2024	**–**	**159**	**5,666**	**1,400**	**7,225**
Additions	**41,953**	**1,050**	**915**	**–**	**43,918**
At December 31, 2024	**41,953**	**1,209**	**6,581**	**1,400**	**51,143**
Accumulated amortization:					
At January 1, 2023	–	(102)	(1,607)	(361)	(2,070)
Charge for the year	–	(4)	(609)	(140)	(753)
At December 31, 2023 and January 1, 2024	**–**	**(106)**	**(2,216)**	**(501)**	**(2,823)**
Charge for the year	**–**	**(31)**	**(660)**	**(140)**	**(831)**
At December 31, 2024	**–**	**(137)**	**(2,876)**	**(641)**	**(3,654)**
Net book value:					
At December 31, 2024	**41,953**	**1,072**	**3,705**	**759**	**47,489**
At December 31, 2023	–	53	3,450	899	4,402

As at December 31, 2024, the capitalized development costs of RMB41,953,000 are related to costs incurred for clinical trails of below-the-knee DCB products in the United States, which were not yet available for use.

The amortization charge for the year is included in "cost of sales" and "research and development expenses" in the consolidated statement of profit or loss.

(Expressed in RMB unless otherwise indicated)

14 INTANGIBLE ASSETS (Continued)

Impairment test for cash-generating units containing development costs

At 31 December, 2024, the Group performed impairment test on the capitalized development cost. The Group assessed the recoverable amounts of the assets comprising the CGU in relation to its clinical trails of below-the-knee DCB products in the United States, which included the capitalized development costs.

The recoverable amount of the CGU that included the development costs is determined based on value-in-use calculation. The Group engaged an independent professional valuer to assist with the calculation covering a ten-year period. The key assumptions used in estimating the recoverable amount are as follows:

	2024
Annual revenue growth rate during the forecast period	**2.4%~99.5%**
Pre-tax discount rate	**21.42%**

As at 31 December 2024, the recoverable amount of the CGU was RMB375 million, which was higher than its carrying amount by RMB333 million. The Group considers that reasonably possible change in the key assumptions above would not cause the CGU's carrying amount at 31 December 2024 to exceed its recoverable amount.

15 GOODWILL

	2024 RMB'000	2023 RMB'000
Balance at the beginning and end of the year	**1,150**	1,150

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGUs identified according to operating segment as follows:

	2024 RMB'000	2023 RMB'000
VascuPatent Medical (Shenzhen) Co., Ltd. ("VascuPatent")	**1,150**	1,150

The recoverable amount of the CGU is determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2.0% (2023: 2.6%). The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 26.6% (2023: 26.6%). The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The key assumptions used in estimating the recoverable amount are as follows:

	2024	2023
Annual revenue growth rate during the forecast period	**25.7%**	26.5%
Growth rate beyond the forecast period	**2.0%**	2.6%
Pre-tax discount rate	**26.6%**	26.6%

As at December 31, 2024 and 2023, the management concluded that the recoverable amount was higher than the net book value of the CGU based on their test result and no impairment provision on the goodwill was considered to be necessary.

(Expressed in RMB unless otherwise indicated)

16 INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries which affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company name	Place and date of incorporation and business	Particulars of issued and paid-in capital	Attributable equity interest held by the Company		
			Directly	Indirectly	
Acotec Technologies Limited *(Note i)*	United States November 19, 2021	United States Dollar ("USD") 1.00	100%	–	Research and development of interventional device products
Pine Medical Limited *(Note i)*	Hong Kong March 7, 2011	HKD12,000,000	100%	–	Investment holding and trading of procedural medical devices
Acotec Scientific Co., Ltd. (北京先瑞達醫療科技有限公司) *(Note ii)*	The PRC January 28, 2008	RMB80,000,000	–	100%	Research, development and sales of medical devices
Tianjin Xianruida Medical Technology Co., Ltd. (天津先瑞達醫療科技有限公司) *(Note ii)*	The PRC December 24, 2018	RMB5,000,000	–	100%	Marketing and sales of medical devices
VascuPatent Medical (Shenzhen) Co., Ltd. (為泰醫療器械(深圳)有限公司) *(Note ii)*	The PRC December 18, 2019	RMB6,666,667	–	100%	Research and development of medical devices
Elitec Scientific Co., Ltd. (北京銳靖醫療科技有限公司) *(Note ii)*	The PRC December 28, 2021	RMB2,000,000	–	100%	Research, development and sales of medical devices
Shanghai Guanming Medical Technology Co., Ltd. (上海觀明醫療科技有限公司) *(Note ii)*	The PRC July 10, 2017	RMB1,034,700	–	100%	Research and development of medical devices
Shanghai Acotec Scientific Co., Ltd. (上海先瑞達醫療科技有限公司) *(Note ii)*	The PRC October 18, 2024	RMB4,100,000	–	100%	Research, development and sales of medical devices

Notes:

(i) The functional currency of Acotec Technologies Limited and Pine Medical Limited is USD.

(ii) These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of the company names is for identification purpose only.

17 INTEREST IN AN ASSOCIATE

The following list contains the particulars of the Group's associate, which is unlisted corporate entity whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest held by the Company	Principal activities
Sublime Laser, Inc., ("Sublime")	Incorporated	United States	USD10,000,000	29.7%	Laser machining business

In December 2022, the Group acquired 23.6% of equity interest in Sublime through capital injection of USD2,175,000 (RMB15,550,000 equivalent). During the year ended December 31, 2023, the Group injected additional capital of USD790,000 (RMB5,512,000 equivalent) in Sublime and owned 29.7% of equity interest in Sublime as at 31 December, 2024 and 2023.

The associate is accounted for using the equity method in the consolidated statement of financial position.

Summarised financial information of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Sublime	
	2024	2023
	RMB'000	*RMB'000*
Gross amounts of the associate's		
Current assets	**9,215**	12,989
Non-current assets	**12,933**	8,680
Current liabilities	**(413)**	(266)
Equity	**21,735**	21,403
Revenue	**8,486**	3,405
Profit/(loss) from operations	**332**	(1,969)
Total comprehensive income	**332**	(1,969)
Reconciled to the Group's interest in the associate		
Gross amounts of net asset of the associate	**21,735**	21,403
Group's effective interest	**29.7%**	29.7%
Group's share of net assets of the associate	**6,455**	6,357
Goodwill	**14,106**	14,106
Carrying amount in the consolidated financial statements	**20,561**	20,463
Group's share of the associate		
Profit/(loss) from operations and total comprehensive income	**98**	(599)

18 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Financial assets measured at FVPL – non-current		
– Unlisted units in investment funds *(Note i)*	**18,804**	10,743
– Unlisted equity securities *(Note ii)*	**12,000**	–
	30,804	10,743

Notes:

(i) On September 30, 2022, the Company and Trumed Health Innovation Fund GP Limited (as the general partner and fund manager) conditionally entered into the Subscription Agreement in relation to the investment in Trumed Health Innovation Fund LP ("Trumed Fund"), a Cayman Islands exempted limited partnership. Under the Subscription Agreement, the capital contribution by the Company as a limited partner will be USD5 million. The primary objective of the Trumed Fund is the investments in equity interest of entities in the healthcare industry mainly in the PRC.

During the year ended December 31, 2023, the Group made a capital contribution of USD881,000 (RMB6,250,000 equivalent). As of December 31, 2023, the total capital contribution is USD1,950,000 (RMB13,700,000 equivalent) and the remaining commitment is USD3,050,000 (RMB21,126,000 equivalent).

During the year ended December 31, 2024, the Group made an additional capital contribution of USD715,000 (RMB5,139,000 equivalent). As of December 31, 2024, the total capital contribution is USD2,665,000 (RMB19,158,000 equivalent) and the remaining commitment is USD2,335,000 (RMB16,784,000 equivalent).

(ii) In June 2024, the Group entered into an agreement with Zhenghong Nova Medical Technology (Shenzhen) Co., Ltd. ("Zhenghong Nova", Chinese name as 征鴻諾瓦醫療科技(深圳)有限公司) and the other shareholders of Zhenghong Nova. Zhenghong Nova is a company incorporated in Mainland China and focuses on the research and development, and manufacture of coating technology on medical materials and devices. In July 2024, the Group paid RMB12,000,000 and subscribed 6.19% of equity interest of Zhenghong Nova.

The analysis on the fair value measurement of the Group's above financial assets is disclosed in Note 33(e).

19 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2024 RMB'000	2023 RMB'000
Raw materials	**76,225**	89,577
Work in progress	**23,099**	8,125
Finished goods	**62,465**	54,435
	161,789	152,137
Write down of inventories	**(5,800)**	(1,179)
	155,989	150,958

19 INVENTORIES (Continued)

(b) The analysis of the amount of inventories recognized as cost and included in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold	**106,956**	77,468
Provision for write-down of inventories	**4,621**	272
	111,577	77,740

All inventories are expected to be recovered within one year.

20 TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**161,228**	143,892
Less: loss allowance	**(129)**	(249)
	161,099	143,643

All of the trade receivables are expected to be recovered within one year.

Ageing analysis

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

	2024 RMB'000	2023 RMB'000
Within 3 months	**115,052**	117,164
3 to 6 months	**45,988**	25,700
Over 6 months	**59**	779
	161,099	143,643

Trade receivables are generally due within 90 – 180 days from the date of billing. Further details on the Group's credit policy and credit risk arising for trade receivable are set out in Note 33(a).

21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayment for purchase of goods and services	**14,539**	15,936
Value added tax ("VAT") recoverable	**9,014**	7,362
Individual income tax paid by the Group on behalf of employees	**5,531**	5,531
Subsidy receivable	**–**	7,773
Other deposits and receivables	**210**	513
	29,294	37,115

All of the prepayments, deposits and other receivables are expected to be recovered or recognized as expense within one year.

22 FINANCIAL ASSETS MEASURED AT AMORTIZED COST

As at December 31, 2024, the financial assets measured at amortized cost represent the investment in structured bank deposits, with a principal amount of USD2,000,000 (RMB14,430,000 equivalent) with an interest rate of 4.35% per annum and a principal amount of RMB40,000,000 with an interest rate of 1.75% per annum, respectively. The maturity periods of the structured bank deposits are within one year at acquisition (2023: nil).

23 TIME DEPOSITS

As at 31 December 2024, time deposits of RMB58,181,000 (2023: RMB241,581,000) in the consolidated statement of financial position represent bank deposits that are more than 3 months of maturity at acquisition.

The time deposits balances carry a fixed interest rate within 1.30%~4.33% per annum as at December 31, 2024 (2023: 4.68%~5.58%).

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2024 RMB'000	2023 RMB'000
Cash on hand	**27**	20
Cash at bank	**751,361**	637,607
Cash and cash equivalents in the consolidated statement of financial position and consolidated cash flow statement	**751,388**	637,627

As at December 31, 2024, cash and cash equivalents situated in the Mainland China amounted to RMB374,255,000 (2023: RMB514,825,000). Remittance of funds out of the Mainland China is subject to relevant rules and regulations of foreign exchange control.

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) Cash and cash equivalents comprise:

	Note	2024 RMB'000	2023 RMB'000
Profit before taxation		**52,601**	14,452
Adjustments for:			
Reversal of impairment losses on trade receivables		**(120)**	(184)
Amortization of intangible assets	*7(c)*	**831**	753
Depreciation of property, plant and equipment	*7(c)*	**19,246**	15,159
Depreciation of right-of-use assets	*7(c)*	**29,903**	30,346
Finance costs	*7(a)*	**11,504**	9,958
Interest income	*5*	**(30,147)**	(18,505)
Foreign exchange loss/(gain)		**1,323**	(5,786)
Provision for write-down of inventories	*7(c)*	**4,621**	272
Net loss on disposal of property, plant and equipment and right-of-use assets	*6*	**6,611**	152
Net unrealized (gain)/loss on financial assets measured at FVPL	*6*	**(2,922)**	2,767
Net realized gains on forward contracts	*6*	**(1,656)**	–
Share-based payments expenses	*7(b)*	**–**	5,260
Share of (profit)/loss of an associate		**(98)**	599
Written off of the rental deposits		**1,127**	–
Changes in working capital:			
Increase in inventories		**(9,652)**	(34,795)
Increase in trade receivables		**(17,336)**	(11,550)
Decrease/(increase) in prepayments, deposits and other receivables		**7,821**	(15,676)
Increase in trade and other payables		**17,104**	2,344
Increase/(decrease) in contract liabilities		**3,872**	(8,449)
Increase in deferred income		**8,515**	–
Cash generated from/(used in) operations		**103,148**	(12,883)

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	Bank loans *RMB'000* *(Note 27)*	Lease liabilities *RMB'000* *(Note 28)*	Total *RMB'000*
At January 1, 2024	**10,000**	**223,997**	**233,997**
Changes from financing cash flows:			
Proceeds from bank loans	**54,967**	**–**	**54,967**
Repayment of bank loans	**(54,967)**	**–**	**(54,967)**
Capital element of lease rentals paid	**–**	**(23,738)**	**(23,738)**
Interest element of lease rentals paid	**–**	**(9,626)**	**(9,626)**
Interest paid	**(1,878)**	**–**	**(1,878)**
Total changes from financing cash flows	**(1,878)**	**(33,364)**	**(35,242)**
Other changes:			
Increase in lease liabilities from entering new leases during the year	**–**	**4,167**	**4,167**
Decrease in lease liabilities from ceasing leases contract during the year	**–**	**(11,510)**	**(11,510)**
Finance costs *(Note 7(a))*	**1,878**	**9,626**	**11,504**
Total other changes	**1,878**	**2,283**	**4,161**
At December 31, 2024	**10,000**	**192,916**	**202,916**

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans *RMB'000 (Note 27)*	Lease liabilities *RMB'000 (Note 28)*	Total *RMB'000*
At January 1, 2023	–	47,784	47,784
Changes from financing cash flows:			
Proceeds from bank loans	30,000	–	30,000
Repayment of bank loans	(20,000)	–	(20,000)
Capital element of lease rentals paid	–	(23,249)	(23,249)
Interest element of lease rentals paid	–	(9,550)	(9,550)
Interest paid	(408)	–	(408)
Total changes from financing cash flows	9,592	(32,799)	(23,207)
Other changes:			
Increase in lease liabilities from entering new leases during the year	–	201,030	201,030
Decrease in lease liabilities from ceasing leases contract during the year	–	(1,568)	(1,568)
Finance costs *(Note 7(a))*	408	9,550	9,958
Total other changes	408	209,012	209,420
At December 31, 2023	10,000	223,997	233,997

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2024 *RMB'000*	2023 *RMB'000*
Within operating cash flows	**203**	302
Within investing cash flows	**–**	4,721
Within financing cash flows	**33,364**	32,799
	33,567	37,822

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(d) Total cash outflow for leases (Continued)

These amounts relate to the following:

	2024 *RMB'000*	2023 *RMB'000*
Lease rentals paid	**33,567**	33,101
Payment of rental deposits	**–**	4,721
	33,567	37,822

25 TRADE AND OTHER PAYABLES

	2024 *RMB'000*	2023 *RMB'000*
Trade payables	**39,041**	19,288
Accrued expenses		
– research and development expenses	**327**	675
– selling and distribution expenses	**3,015**	3,553
– salaries and bonus	**36,589**	27,727
– legal and professional fees	**1,707**	1,939
VAT and other taxes payable	**6,510**	14,083
Other payables	**6,203**	9,169
	93,392	76,434

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

25 TRADE AND OTHER PAYABLES (continued)

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	**30,616**	16,120
3 to 6 months	**5,345**	1,980
6 to 12 months	**1,962**	1,188
Over 12 months	**1,118**	–
	39,041	19,288

26 CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Contract liabilities arising from advances received	**1,024**	141
Contract liabilities arising from incentive programme *(Note i)*	**–**	1,273
Contract liabilities arising from sales with a right to exchange *(Note ii)*	**6,721**	2,459
	7,745	3,873

Notes:

(i) Incentive programme represents additional goods awarded to certain distributors' customers with nil consideration when these customers have made cumulative amounts of purchases within three months. Additional goods are normally provided based on the purchase amounts made by these customers. The Group estimates the amounts of consideration to which it will be entitled for the additional goods using the expected value method and the consideration is then deferred as contract liabilities. The Group recognizes revenue upon the acceptance of the additional goods by the certain distributors' customers. The incentive programme was cancelled during the year ended December 31, 2024.

(ii) Certain sales contracts with distributors allow products exchanges for unsold products with expiry date less than six months. The Group recognizes the contract liabilities arising from sales with a right to exchange based on historical sales information.

Revenue recognized during the year ended December 31, 2024 related to carried-forward contract liabilities amounted to RMB3,873,000 (2023: RMB12,322,000).

All of the contract liabilities are expected to be recognized as income within one year.

27 BANK LOANS

	2024 RMB'000	2023 RMB'000
Unsecured bank loans	**10,000**	10,000

As at December 31, 2024, The unsecured bank loans carried interest at annual rates of 2.70% per annum (as at December 31, 2023: 2.35%), and were all repayable within one year.

28 LEASE LIABILITIES

At December 31, 2024, the lease liabilities were repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**23,654**	25,938
After 1 year but within 2 years	**24,268**	25,692
After 2 years but within 5 years	**65,949**	71,991
After 5 years but within 10 years	**79,045**	100,376
	169,262	198,059
	192,916	223,997

29 DEFERRED INCOME

As of December 31, 2024, deferred income of RMB8,515,000 represented unamortized government subsidies for compensation on the Group's capital expenditure incurred for the leasehold improvements, which were amortized over the estimated useful lives of the relevant assets.

30 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	**–**	–
Charged to profit or loss	**356**	–
Payments during the year	**(356)**	–
At the end of the year	**–**	–

30 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognized:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax liabilities recognized in the consolidated statement of financial position and the movements during the year are as follows:

	Fair value of intangible assets arising from business combination *RMB'000*
Deferred tax arising from:	
At January 1, 2023	(260)
Credited in profit or loss	35
At December 31, 2023 and January 1, 2024	**(225)**
Credited in profit or loss	**35**
At December 31, 2024	**(190)**

(ii) Reconciliation to the consolidated statement of financial position

	2024 *RMB'000*	2023 *RMB'000*
Net deferred tax liabilities in the consolidated statement of financial position	**(190)**	(225)

30 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(s), the Group has not recognized deferred tax assets in respect of cumulative tax losses of RMB550,921,000 (2023: RMB453,176,000), as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. Cumulative tax losses incurred by PRC subsidiaries amounting to RMB343,677,000 (2023: RMB256,729,000) will expire within ten years under the current tax legislation. Other tax losses of RMB207,244,000 (2023: RMB196,447,000) incurred by the subsidiary in overseas may be carried forward indefinitely.

The above tax losses incurred by subsidiaries in the PRC will be expired in the following years:

	2024 ***RMB'000***	2023 *RMB'000*
2027	**2,149**	2,194
2028	**1,269**	1,269
2029	**6,280**	3,362
2030	**34,929**	45,024
2031	**74,743**	74,743
2032	**64,159**	64,159
2033	**66,676**	65,978
2034	**93,472**	–
	343,677	256,729

Note: According to CaiShui [2018] No. 76, "The Notice of Extending the expiry year of cumulative tax losses incurred by HNTE and small and medium-sized high-tech company" issued by Ministry of Finance of the PRC and National Tax Bureau on July 11, 2018, the expiry year of cumulative tax losses incurred by HNTE will extend from five years to ten years.

31 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Restricted share unit scheme

On January 8, 2021, the Board of Directors has approved the restricted share unit scheme (the "RSU scheme") and issued 12,228,440 ordinary shares to Sino Fame Ventures Limited, which was established for the purpose of holding shares for granting to the employees.

On June 15, 2023, the Group granted 400,000 restricted shares to employees without vesting conditions at nil consideration, which were vested immediately on the same date.

For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss and accumulated in share-based payments reserve. The fair value of the granted restricted shares was determined based on the market value of the Company's shares at the grant date. The effect under the RSU scheme transactions of RMB5,260,000 was charged to the Group's profit or loss during the year ended December 31, 2023.

As at December 31, 2024 and 2023, 10,128,440 ordinary shares were held by Sino Fame Ventures Limited and were not granted and no restricted shares were outstanding under the RSU Scheme.

A summary of RSUs outstanding for the year ended December 31, 2024 and 2023:

	2024		2023	
	Weighted average grant-date fair value *RMB*	**Number of RSUs** *'000*	Weighted average grant-date fair value *RMB*	Number of RSUs *'000*
Balance at the beginning of the year	**–**	**–**	–	–
Granted during the year	**–**	**–**	13.15	400
Vested during the year	**–**	**–**	13.15	(400)
Balance at the end of the year		**–**		–

31 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) Share award scheme

On December 31, 2021, the board of directors approved the Company to adopt a share award scheme ("share award scheme") to eligible employees to provide them with incentives in order to retain them for the continual operation and development of the Group. The share award scheme will initially be valid and effective for a period of ten years commencing on the adoption date. The total number of the award shares made pursuant to the share award scheme shall not exceed 10% of the total number of issued shares as at the adoption date.

Pursuant to the share award scheme, the award shares will be satisfied by existing shares to be acquired and held by a trust constituted by the Company (the "Trust") through on-market transactions at the average prevailing market price, and the Company appointed an independent trustee, Trident Trust Company (HK) Limited (the "Trustee") acted as the administrator of the Company's Scheme.

The Trust has acquired 2,004,000 award shares from the market at an average prevailing market price of approximately HKD9.94 (equivalent to approximately RMB8.26) per share for the year ended December 31, 2022. No shares were granted, vested, cancelled or lapsed under the share award scheme during the years ended December 31, 2024 and 2023.

Unless terminated earlier as determined by the Board, the share award scheme shall be valid and effective for the period commencing on the adoption date, and ending on the business day immediately prior to the 10th anniversary of the adoption date. As at December 31, 2024, the remaining life of the Share Award Scheme shall be approximately seven years (2023: approximately eight years).

The Company has the power to direct the relevant activities of the Trust and it has the ability to use its power over the Trust to affect its exposure to returns. Therefore, the assets and liabilities of the Trust are included in the Group's consolidated statement of financial position and the ordinary shares held for the share award scheme were regarded as treasury shares and presented as a deduction in equity as "Shares held for share award scheme". No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the treasury shares. Consideration paid or received is recognized directly in equity.

32 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share capital RMB'000	Share premium RMB'000	Shares held under RSU Scheme RMB'000	Share based payments reserve RMB'000	Other reserve RMB'000	Shares held for share award scheme RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at January 1, 2023		20	1,370,078	(1)	48,607	(103,532)	(16,560)	(12,761)	1,285,851
Changes in equity for 2023:									
Loss and total comprehensive income for the year		–	–	–	–	–	–	(15,495)	(15,495)
Equity settled share-based transactions	*31(a)*	–	–	–*	5,260	–	–	–	5,260
Balance at December 31, 2023		20	1,370,078	(1)	53,867	(103,532)	(16,560)	(28,256)	1,275,616

* The balance represents an amount less than RMB1,000.

	Share capital RMB'000	Share premium RMB'000	Shares held under RSU Scheme RMB'000	Share based payments reserve RMB'000	Other reserve RMB'000	Shares held for share award scheme RMB'000	Accumulated (losses)/ retained profits RMB'000	Total RMB'000
Balance at January 1, 2024	**20**	**1,370,078**	**(1)**	**53,867**	**(103,532)**	**(16,560)**	**(28,256)**	**1,275,616**
Changes in equity for 2024:								
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**30,058**	**30,058**
Balance at December 31, 2024	**20**	**1,370,078**	**(1)**	**53,867**	**(103,532)**	**(16,560)**	**1,802**	**1,305,674**

32 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Share capital

	No. of shares	Amount *USD*	Amount *RMB'000*
At January 1, 2023, December 31, 2023 and December 31, 2024	**313,389,171**	**3,134**	**20**

(c) Dividends

The directors of the Company do not recommend the payment of a final dividend for the year ended December 31, 2024 (for the year ended December 31, 2023: nil).

(d) Nature and purpose of reserves

(i) Capital reserve

Capital reserve represented: (i) the capital injection and waived payables from the previous immediate holding company, namely CA Medtech Investment (Cayman) Limited, in prior years; (ii) the differences between the considerations paid and net assets acquired from business combinations under common control took place prior to the listing of the Company's shares on the HKEX; and (iii) the effect of share-based payment transaction in relation to the shares of the previous immediate holding company issued to the management of the Group.

(ii) Statutory reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC.

In accordance with the PRC Company Law, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory reserves until the reserves reach 50% of their respective registered capital. For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

32 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves (Continued)

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy as set out in Note 2(v).

(iv) Other reserve

Other reserve represented: (i) the difference between the consideration paid on the acquisition of non-controlling interests and the carrying amount of the non-controlling interests in 2020; and (ii) the difference between the par value of share capital and fair value of preferred shares of the Company upon the redesignation and reclassification of ordinary shares as preferred shares prior to the listing of the Company's shares on the HKEX.

(e) Distributability of reserves

As at December 31, 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB1,371,880,000 (2023: RMB1,341,822,000).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintaining a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, pledged deposits, structured bank deposits and time deposits is limited because the counterparties are reputable financial institutions with high credit standing, for which the Group considers to have low credit risk. Credit risk of investment in the Trumed Fund is also considered to be limited because the fund manager is specialized in investment in healthcare business with good track record proven.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2024, 83% (2023: 15%) of trade receivables were due from the Group's largest customer and 96% (2023: 93%) of trade receivables were due from the Group's five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 to 180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

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 does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2024		
	Average expected loss rate *%*	**Gross carrying amount** *RMB'000*	**Loss allowance** *RMB'000*
Not past due	**0.02%**	**117,652**	**30**
Past due 1-90 days	**0.03%**	**43,490**	**13**
More than 90 days past due	**100.00%**	**86**	**86**
		161,228	**129**

	2023		
	Average expected loss rate *%*	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Not past due	0.05%	140,688	74
Past due 1-90 days	0.27%	2,256	6
More than 90 days past due	17.83%	948	169
		143,892	249

Expected loss rates are based on actual loss experience over the past 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.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Balance at January 1,	**249**	433
Impairment losses recognized	**129**	247
Impairment losses reversed	**(249)**	(431)
Balance at December 31,	**129**	249

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative 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 end of the reporting period) and the earliest date the Group can be required to pay:

	Note	Contractual cash flows					Carrying amount at December 31, 2024 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	Over 5 years RMB'000	Total RMB'000	
2024							
Trade and other payables[#]	25	**86,882**	**–**	**–**	**–**	**86,882**	**86,882**
Lease liabilities	28	**32,152**	**31,589**	**81,045**	**84,663**	**229,449**	**192,916**
Bank loans	27	**10,197**	**–**	**–**	**–**	**10,197**	**10,000**
		129,231	**31,589**	**81,045**	**84,663**	**326,528**	**289,798**

	Note	Contractual cash flows					Carrying amount at December 31, 2023 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	Over 5 years RMB'000	Total RMB'000	
2023							
Trade and other payables[#]	25	62,351	–	–	–	62,351	62,351
Lease liabilities	28	35,944	34,285	90,395	110,116	270,740	223,997
Bank loans	27	10,148	–	–	–	10,148	10,000
		108,443	34,285	90,395	110,116	343,239	296,348

[#] Exclude VAT and other taxes payable.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank balances, bank loans and lease liabilities. Bank balances with variable interest rate, fixed rate lease liabilities and fixed rate bank loans expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. As at December 31, 2024 and 2023, the cash flow interest risk arising from the change of market interest rate is not considered significant. The Group's interest-bearing financial instruments at fixed interest rates as at December 31, 2024 and 2023 are bank balances, bank loans and lease liabilities that are measured at amortized cost, and the change of market interest rate does not expose the Group to fair value interest risk. Overall speaking, the directors considered the Group's exposure to interest rate risk is not significant during the years ended December 31, 2024 and 2023.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD. In the normal course of business, the Group enter into foreign currency forward contracts for trading transactions denominated in USD to reduce exposure to fluctuations in foreign currency exchange rates. These foreign currency forward contracts are not hedge accounted.

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	USD *RMB'000*
2024	
Time deposits	**17,971**
Cash and cash equivalents	**480,780**
Trade and other receivables	**–**
Intercompany receivables	**142,222**
Trade and other payables	**(1,432)**
Intercompany payables	**(146,654)**
Net exposure	**492,887**
2023	
Time deposits	290,391
Cash and cash equivalents	118,491
Trade and other receivables	–
Trade and other payables	(1,055)
Net exposure	407,827

The Group's foreign currency risk is concentrated on the fluctuation of RMB against USD and Euro.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

	2024		2023	
	Increase/ (decrease) in foreign exchange rates	**(Decrease)/ Increase in profit after tax and retained profits** *RMB'000*	Increase/ (decrease) in foreign exchange rates	(Decrease)/ Increase in profit after tax and retained profits *RMB'000*
USD	**5%**	**25,526**	5%	20,397
	(5%)	**(25,526)**	(5%)	(20,397)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group subsidiaries' profit after tax and equity measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of each reporting period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2023.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager performing valuations for the financial instruments, including unlisted units in investment funds which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer is held twice a year, to coincide with the reporting dates.

	Fair value at December 31, 2024	Fair value measurement at December 31, 2024 categorized into		
	RMB'000	Level 1	Level 2	Level 3
Recurring fair value measurement				
Financial assets measured at FVPL				
– Unlisted units in investment funds *(Note (i))*	**18,804**	**–**	**–**	**18,804**
– Unlisted equity securities *(Note (ii))*	**12,000**	**–**	**–**	**12,000**

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

Fair value hierarchy (Continued)

	Fair value at December 31, 2023	Fair value measurement at December 31, 2023 categorized into		
	RMB'000	Level 1	Level 2	Level 3
Recurring fair value measurement				
Financial assets measured at FVPL				
– Unlisted units in investment funds *(Note (i))*	10,743	–	–	10,743

Information about Level 3 fair value measurements

(i) The fair value of unlisted units in investment funds have been estimated using market approach by reference to the trade price of each underlying portfolio companies invested by the funds. A valuation analysis of changes in fair value of each fund is prepared by the fund manager, Trumed Health Innovation Fund GP Limited, to the Company at each annual reporting date.

The fair value of unlisted units in investment funds is determined referencing net asset value of underlying investments. The fair value measurement is positively correlated to net asset value of underlying investments. As at December 31, 2024, it is estimated that with all other variables held constant, an increase/decrease in net asset value of underlying investments by 5% would have increased/decreased the Group's profit for the year by RMB940,000 (As at December 31, 2023: RMB537,000).

(ii) The fair value of unlisted equity securities is determined using the equity allocation approach and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. As at December 31, 2024, it is estimated that with all other variables held constant, an increase/decrease by 5% would have decreased/increased the Group's profit for the year by RMB100,000 (As at December 31, 2023: nil).

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

Information about Level 3 fair value measurements (Continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	Financial assets measured at FVPL ***RMB'000***
As at January 1, 2023	7,260
Purchases	6,250
Net unrealized losses on financial assets measured at FVPL	(2,767)
As at December 31, 2023 and January 1, 2024	**10,743**
Purchases	**17,139**
Net unrealized gains on financial assets measured at FVPL	**2,922**
As at December 31, 2024	**30,804**

34 COMMITMENTS

Capital commitments outstanding at the respective year end not provided for in the consolidated financial statements are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Contracted for	**20,710**	41,867
Represented by:		
Investment in Trumed Fund	**16,784**	21,126
Acquisition of property, plant and equipment	**3,926**	20,741
	20,710	41,867

35 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 9 and certain of the highest paid employees as disclosed in Note 10, is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Short-term employee benefits	**15,518**	16,483
Post-employment benefits	**353**	308
	15,871	16,791

Total remuneration is included in "staff costs" (see Note 7(b)).

(b) Transactions with related companies

For the years ended December 31, 2024 and 2023, the directors are of the view that the following companies are related parties:

Name of party	Relationship
Boston Scientific Corporation ("BSC")[#]	The ultimate controlling party of the Group
Boston Scientific International Sdn. Bhd., Malaysian private Co., Ltd.[#]	Subsidiary of BSC
Boston Scientific Hong Kong Ltd.[#]	Subsidiary of BSC
Boston Scientific Medical Technology (Shanghai) Co., Ltd.[#] (Chinese name as 波士頓科學醫療科技(上海)有限公司)	Subsidiary of BSC
InnoRa GmbH	A company controlled by the son of the Group's chief technology officer

[#] BSC and its subsidiaries (excluding the Group) are herein referred to as "BSC Group".

35 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related companies (Continued)

(i) Significant related party transactions

	2024 *RMB'000*	2023 *RMB'000*
Royalty fees to InnoRa GmbH	**16,395**	15,712
Sales to BSC Group	**37,967**	2,031

(ii) Significant related party balances

	2024 *RMB'000*	2023 *RMB'000*
Trade payables to InnoRa GmbH	**4,192**	5,437
Contract liabilities to BSC Group	**42**	–
Trade receivables from BSC Group	**7,317**	1,740

(c) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of sales of goods to BSC Group as disclosed in Note 35(b) constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in Report of Directors under heading "Related Party Transactions and Continuing Connected Transactions".

36 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	December 31, 2024 *RMB'000*	December 31, 2023 *RMB'000*
Non-current assets		
Investments in subsidiaries	**279,346**	247,452
Interest in an associate	**20,561**	20,463
Financial assets measured at FVPL	**18,804**	10,743
	318,711	278,658
Current assets		
Amount due from subsidiaries	**392,437**	513,406
Financial assets measured at amortized cost	**54,621**	–
Cash and cash equivalents	**481,960**	242,419
Time deposit	**58,181**	241,581
	987,199	997,406
Current liabilities		
Trade and other payables	**236**	448
	236	448
Net current assets	**986,963**	996,958
Total assets less current liabilities	**1,305,674**	1,275,616
NET ASSETS	**1,305,674**	1,275,616
CAPITAL AND RESERVES		
Share capital	**20**	20
Reserves	**1,305,654**	1,275,596
TOTAL EQUITY	**1,305,674**	1,275,616

(Expressed in RMB unless otherwise indicated)

37 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at December 31, 2024, the directors consider the immediate parent and the ultimate controlling party of the Group to be Boston Scientific Group plc and BSC, respectively.

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2024

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
Amendments to IFRS 9 and IFRS 7, *Amendments to the classification and measurement of financial instruments*	1 January 2026
Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature-dependent Electricity*	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Financial Summary

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

	For the year ended December 31,				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**533,988**	473,848	395,545	303,813	193,975
Gross profit	**402,722**	377,415	336,353	265,939	163,780
Profit (loss) before tax	**52,601**	14,452	70,319	(67,243)	(31,447)
Profit (loss) for the year	**52,280**	14,487	70,142	(79,077)	(44,292)
Profit (loss) attributable to:					
Equity shareholders of the Company	**52,280**	14,487	70,142	(79,077)	(43,842)
Non-controlling interest				–	(450)
Earning (loss) per share					
– Basic (RMB)	**0.17**	0.05	0.23	(0.32)	(0.24)
– Diluted (RMB)	**0.17**	0.05	0.23	(0.32)	(0.24)

	For the year ended December 31,				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	**452,002**	399,933	154,107	63,841	54,700
Total current assets	**1,210,572**	1,211,124	1,256,438	1,243,525	218,241
Total current liabilities	**134,791**	116,245	98,675	88,112	404,124
Total non-current liabilities	**177,967**	198,284	35,781	12,060	149,826
Total equity (net deficits)	**1,349,816**	1,296,528	1,276,089	1,207,194	(281,009)

Definitions

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

"Audit Committee"	the audit committee of the Board
"AVF"	arteriovenous fistula, an abnormal connection between an artery and a vein, bypassing some capillaries. It is usually surgically created for hemodialysis treatments
"Board of Directors" or "Board"	the board of Directors
"BSC"	Boston Scientific Corporation, a Delaware corporation and a company listed on the New York Stock Exchange (Stock Code: BSX)
"BSC Group"	BSC and its subsidiaries but excluding the Group
"BSG"	Boston Scientific Group plc, a public limited company incorporated under the laws of the Republic of Ireland and wholly-owned by BSC, which is the Controlling Shareholder of the Company
"CAD"	coronary artery disease
"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
"Company", "our Company", or "Acotec"	Acotec Scientific Holdings Limited (先瑞達醫療科技控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 3, 2020
"Core Product"	AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, the designated "core product" as defined under Chapter 18A of the Listing Rules
"DCB"	drug-coated balloon, an angioplasty balloon used in PCI procedures with anti- proliferation drug coated on its surface. The drug can inhibit smooth muscle cell proliferation and migration, thereby further reducing the chance of artery restenosis
"Director(s)"	the director(s) of the Company or any one of them
"FDA"	the U.S. Food and Drug Administration
"Global Offering"	the Hong Kong Public Offering and the International Offering each as defined in the Prospectus

"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"KOLs"	key opinion leaders, being renowned physicians that are able to influence their peers' medical practice
"IDE"	investigational device exemption, an approval granted by the FDA that allows a medical device to be used in a clinical research study that involves human subjects or human specimens
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"LEAD"	lower extremity artery disease, the narrowing or blockage of leg arteries
"Listing"	the listing of the Shares on the main board of the Stock Exchange
"Listing Date"	August 24, 2021, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"PAD"	peripheral artery disease, the narrowing or blockage of arteries outside the heart or brain
"Prospectus"	the prospectus of the Company dated August 12, 2021
"Reporting Period"	the year ended December 31, 2024

Definitions

"RCT"	randomized controlled clinical trial, a study in which people are allocated at random (by chance alone) to receive one of several clinical interventions
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) with nominal value of US$0.00001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	United States dollars, the lawful currency of the United States
"vasculogenic ED"	vasculogenic erectile dysfunction, the inability to achieve and maintain an erection due to defects in the blood flow
%	per cent