健世科技
Jenscare

寧波健世科技股份有限公司
Jenscare Scientific Co., Ltd.

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

Stock Code : 9877

2024
ANNUAL REPORT

Contents

DEFINITIONS

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

"AGM"	the 2025 annual general meeting of the Company to be held on Thursday, 22 May 2025
"Articles" or "Articles of Association"	the articles of association of the Company (as amended, supplemented or otherwise modified from time to time)
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors
"Board of Supervisors"	the board of Supervisors
"CE Certificate"	Conformité Européenne, an administrative marking that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area (EEA)
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"China", "Mainland 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, the Macau Special Administrative Region of the PRC and Taiwan, the PRC
"Company" or "our Company"	Jenscare Scientific Co., Ltd. (寧波健世科技股份有限公司), a joint stock company incorporated in the PRC with limited liability on 23 March 2021, or, where the context requires (as the case may be), its predecessor Ningbo Jenscare Biotechnology Co., Ltd. (寧波健世生物科技有限公司), a limited liability company established in the PRC on 8 November 2011
"Concert Parties"	refer to Mr. Lv and Ms. Li
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and in this context, refer to the Concert Parties, Mr. Lv and Ms. Li
"Core Product(s)"	LuX-Valve, LuX-Valve Plus and Ken-Valve, the designated "core products" as defined under Chapter 18A of the Listing Rules
"Directors"	the directors of the Company or any one of them
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded in any stock exchange
"ESOP Platform(s)"	Hainan Hualing, Hainan Huahui, Hainan Maidi Enterprise Management L.P. (Limited Partnership) and Ningbo Sangdi Investment Management L.P. (Limited Partnership), the employee incentive platforms
"FDA"	Food and Drug Administration in United States

"Global Offering"	the global offering of the H Shares, details of which are set forth 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
"H Shares"	overseas listed foreign invested ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and which are listed on the Stock Exchange
"H Share Scheme"	the H Share award scheme approved and adopted by the Shareholders at the extraordinary general meeting of the Company held on 15 December 2023, and was subsequently amended by an ordinary resolution of the Company passed on 19 September 2024.
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Listing"	the listing of the H Shares on the main board of the Stock Exchange
"Listing Date"	10 October 2022, on which the H 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 (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
"Mr. Lv"	Mr. Lv Shiwen (呂世文), the chairman of the Board, a non-executive Director, and one of our Controlling Shareholders
"Ms. Li"	Ms. Li Hui (李輝), one of our Controlling Shareholders
"NMPA"	the National Medical Product Administration of the PRC (中國國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Board
"Prospectus"	the prospectus of the Company dated 23 September 2022

"R&D"	research and development
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Reporting Period"	the year ended 31 December 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"Supervisors"	the members of the Company's Board of Supervisors
"treasury shares"	save as used in the financial statements, has the meaning ascribed to it under the Listing Rules
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Foreign Share(s)"	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for in currency other than RMB by foreign investors and are not listed on the Stock Exchange
"Unlisted Share(s)"	Domestic Shares and Unlisted Foreign Shares
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"%"	per cent

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. PAN Fei (Chief Executive Officer)

Non-executive Directors

Mr. LV Shiwen (Chairman of the Board) *(re-designated from an executive Director to a non-executive Director on 21 March 2025)*
Mr. TAN Ching
Mr. ZHENG Jiaqi
Ms. XIE Youpei
Mr. CHEN Xinxing

Independent non-executive Directors

Dr. LIN Shoukang
Ms. DU Jiliu
Dr. MEI Lehe

SUPERVISORS

Ms. XU Jing
Mr. TANG Hao
Mr. HU Bo

AUDIT COMMITTEE

Ms. DU Jiliu (Chairwoman)
Dr. LIN Shoukang
Dr. MEI Lehe

REMUNERATION AND APPRAISAL COMMITTEE

Dr. LIN Shoukang (Chairman)
Mr. LV Shiwen
Ms. DU Jiliu

NOMINATION COMMITTEE

Dr. LIN Shoukang (Chairman)
Mr. LV Shiwen
Ms. DU Jiliu *(appointed as a member on 21 March 2025)*
Dr. MEI Lehe *(ceased to be a member on 21 March 2025)*

STRATEGY COMMITTEE

Mr. LV Shiwen (Chairman)
Dr. LIN Shoukang
Mr. PAN Fei

JOINT COMPANY SECRETARIES

Mr. LI Yuanyuan
Mr. WONG Wai Chiu

AUTHORIZED REPRESENTATIVES

(for the purpose of the Listing Rules)
Mr. PAN Fei
Mr. LI Yuanyuan *(appointed on 21 March 2025)*
Mr. LV Shiwen *(ceased on 21 March 2025)*

AUDITOR

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

LEGAL ADVISERS

As to Hong Kong law:
O'Melveny & Myers
31st Floor, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC law:
Commerce & Finance Law Offices
12-14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing 100004
PRC

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

Block 5, B Area
No. 777 Binhai 4th Road
Hangzhou Bay New Area
Ningbo, Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

COMPANY WEBSITE

www.jenscare.com

STOCK CODE

9877

LISTING DATE

10 October 2022

H SHARE REGISTRAR

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

PRINCIPAL BANKERS

Agricultural Bank of China, Ningbo Hangzhou Bay Branch
No. 895, No. 2 Binhai Road
Hangzhou Bay District
Ningbo, Zhejiang Province
PRC

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

In 2024, amid profound transformations in the global medical technology industry, Jenscare, as China's leading solutions provider for interventional treatment of structural heart disease, upheld its development strategy of "Innovation-driven Business Models for Global Reach (創新驅動，全球佈局)", and the concept of filling unmet clinical needs through innovative products. We continued to make breakthroughs on the complex field of structural heart disease treatment. Over the past year, we are pleased to witness a significant progress of the Company in product development and commercialization, and also made impressive strides in our journey to global success, delivering more innovative treatment solutions from China to patients around the world.

I. COMPREHENSIVE ADVANCEMENT OF GLOBALIZATION STRATEGY

At the international forefront of transcatheter tricuspid valve replacement (TTVR), our LuX-Valve series products have emerged as an innovative solution with a significant global reach. In 2024, we achieved the following critical milestones in our internationalization efforts:

Firstly, in terms of clinical validation, TRAVEL II, the multicenter clinical trial of LuX-Valve Plus, delivered groundbreaking results. This landmark study was presented at leading academic conferences in the U.S. and the United Kingdom, earning widespread recognition from the peers around the world. We have completed the one year follow-up for registration clinical trial for LuX-Valve Plus. We are currently in the process of actively submitting the data in accordance with the registration and approval requirements of the NMPA. Notably, data obtained from a cohort of patients with annular dilation fully demonstrated the product's unique advantage in its design and outstanding clinical performance.

Secondly, in terms of our global reach efforts, we have made substantial progress: For European markets, we have successfully completed all of the subject enrollments for the clinical trial for obtaining the CE Certificate with active participation of top-tier cardiac centers from multiple countries; For the U.S. market, local clinical trials are progressing systematically, laying a robust foundation for our future entry into the world's largest healthcare market.

In terms of academic outreach, in 2024, we were invited to present the clinical results of the LuX-Valve series products at over ten premier international academic forums. These high-level academic exchanges not only enhanced our product's global influence but also provided us with valuable global clinical experience.

II. READINESS FOR COMMERCIALIZATION

For the commercialization of Ken-Valve, our transcatheter aortic valve replacement (TAVR) product, 2024 was a pivotal year of preparation for its full-scale market promotion. The product has officially obtained the registration certificate from the NMPA. Building on our comprehensive strategic moves for its commercialization, including thorough research on market demand, formation of professional marketing teams and far-sighted planning on production capacity, we have established a comprehensive infrastructure for the product's commercialization, which will provide a systematic support for a rapid market penetration upon its launch.

With its innovative design concept, Ken-Valve stands out as a rare TAVR solution specifically designed for aortic regurgitation or combined stenosis in the market. The product has a number of unique advantages and differentiating features that earned highly favorable comments from the experts in its pre-launch clinical evaluations and demonstrated a good market prospect.

In terms of the construction of a commercialization system, we have established a professional marketing team comprising core members with extensive experience in the medical device market, and built a sales network framework covering key regions across the country. We have actively trained over 30 potential independent physicians through systematic physician training programs, and completed pre-launch academic outreach and surgical training in nearly 100 target hospitals. In terms of production capacity preparation, we have completed the testing of the production lines and established a rigorous quality control system for a rapid scale-up to mass production. Meanwhile, the establishment of our raw material supply chain was fully completed, and all key suppliers have passed our stringent audits to ensure a stable post-launch product supply.

There are significant unmet clinical needs in aortic regurgitation or combined stenosis treatment targeted by Ken-Valve products. We have formulated a phased commercialization plan targeting on core medical centers, leveraging the success demonstrated by the benchmark hospitals to gain acceptance across regions.

As the commercialization of Ken-Valve products is progressing in full swing, we have completed a series of key preparations, including the construction of a distributor network, the creation of the sales model, the formulation of business policies and the construction of an operational security system. At present, the commercialization system covering the entire life cycle of the product has initially taken shape, laying a solid foundation for the ongoing market promotion. We have full confidence in the commercialization prospect of the product in 2025, and believe that this innovative product will not only be able to achieve rapid market penetration and provide patients with a high-quality therapeutic option, but also inject new growth momentum into the Company's development and create a new performance growth point.

III. CONTINUOUS BREAKTHROUGHS IN INNOVATION AND R&D

We have continued to make breakthroughs in innovation and R&D, and are now comprehensively advancing the pipeline layout of a number of diversified products with global competitiveness, continuing to consolidate our technological leadership in the field of interventional treatment of structural heart disease. As a key product for the treatment of mitral regurgitation, JensClip has efficiently completed all of the subject enrollments for confirmatory clinical trials, demonstrating its outstanding clinical value and promising application prospects. With its visionary innovative design concept, the product has demonstrated promising performance in the clinical trials and earned highly favorable comments from the national participating research centers. At present, we are actively advancing relevant preparations and expect to submit the registration application to the NMPA in 2025, which will lay a solid foundation for enriching the Company's commercialized product pipeline. At the same time, KenFlex, the Company's proprietary next-generation transfemoral TAVR product for the treatment of aortic valve regurgitation, and JensRelive, the innovative product for treating severe mitral regurgitation, have continued to enrich the Company's product matrix; the key advancements in valve materials, including cutting-edge JeniGal anti-calcification technology, dry-tissue technology and polymer leaflet technology, have provided robust technical support for the future iteration of our products. By systematically building a comprehensive core technology matrix, we are accelerating our major strategic transformation from tag-along innovation to leading innovation, so as to bring better medical solutions to patients around the world.

IV. ENHANCED COMPREHENSIVE OPERATIONAL CAPABILITIES

Our accumulated experience in international market, along with the Company's goals and strategies, enables us to continuously improve ourselves to meet the requirements of international gold standards. The overall improvement in R&D, production, quality and daily operation capabilities support us to continuously provide patients with safe and reliable products, which helps the Company achieve its global development strategy. In 2024, we strengthened our capabilities in the following key aspects:

- In terms of R&D, we actively communicated with regulators in China, Europe and the United States to improve our R&D system to meet the registration requirements of mainstream international regulations.

- In terms of manufacturing, we have established a complete international-standard management system, which significantly improved our production capacity and efficiency. Through continuous optimization of production processes, product yields have been significantly improved. At the same time, we have implemented a number of measures on cost saving and consumption control to ensure an improving operational efficiency without compromising the quality of our products.

- In terms of supply chain management, we have built and optimized our global supply network, which has significantly improved the efficiency of product delivery around the world. In particular, the local warehouses across the European market has effectively shortened the supply cycle and better met local clinical needs.

- In terms of intellectual property protection, we have further improved our global patenting filings to provide comprehensive protection for our innovations.

V. THE ACTIVE IMPLEMENTATION OF THE FOLLOWING STRATEGIC INITIATIVES IN 2025:

- In terms of internationalization, we will prioritize the achievement of two critical international milestones: CE Certificate in Europe and FDA approval in the U.S. for LuX-Valve series products, and accelerate the registration process for this series in the domestic market. Concurrently, we will actively explore strategic cooperation with overseas partners to accelerate the clinical application of our products worldwide.

- In terms of commercialization, we will continue to accelerate market penetration for Ken-Valve by expanding sales network coverage and enhancing regional reach. Through our in-progress clinical education and training, we aim to rapidly establish market awareness of the product during the first year of commercialization and develop initial influence in target markets.

- In terms of R&D and innovation, we will expedite the registration process for JensClip and the layout of KenFlex, JensRelive and other high-potential product pipelines.

- In terms of corporate operations, we will further focus on our core business, enhance management efficiency, reduce costs and control consumption, with the goal of achieving corporate profitability as soon as possible.

2024 marked a pivotal chapter in the Group's growth story. We not only made substantial breakthroughs in the global journey, but also achieved solid progress in the construction of commercialization systems. These achievements would not have been possible without the support of our Shareholders, the trust of clinical experts and the tireless dedication of our employees.

Looking ahead, we remain committed to innovation-driven growth and expand our global strategic footprint. We will continue to deliver more desirable therapeutic solutions for structural heart disease patients worldwide while creating more value for our Shareholders.

Finally, on behalf of the Board, I would like to extend my deepest gratitude to all Shareholders and all sectors of society for your unwavering trust and support!

Yours faithfully,
Mr. PAN Fei
Executive Director and CEO

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:

	Year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**–**	–	–	–	–
Gross profit	**–**	–	–	–	–
Loss before income tax	**(185,829)**	(379,096)	(440,914)	(500,673)	(299,673)
Loss for the year	**(185,829)**	(379,096)	(440,914)	(500,673)	(299,673)
Loss attributable to owners of the parent	**(177,510)**	(371,736)	(439,311)	(500,517)	(299,447)
Loss per Share attributable to ordinary equity holders of the parent					
Basic and diluted	**RMB(0.43)**	RMB(0.89)	RMB(1.20)	RMB(1.48)	RMB(1.07)

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Current assets	**685,855**	1,154,913	855,359	828,805	355,186
Current liabilities	**64,201**	58,681	56,736	49,700	18,356
Net current assets	**621,654**	1,096,232	798,623	779,105	336,830
Non-current assets	**341,710**	172,179	575,970	512,554	17,657
Non-current liabilities	**46,411**	42,157	1,566	1,068	1,704
Net assets	**916,953**	1,226,254	1,373,027	1,290,591	352,783

BUSINESS HIGHLIGHTS

The Company, with its firm implementation of its international development strategy, has been expanding the application and influence of its transcatheter tricuspid valve replacement ("TTVR") products, LuX-Valve series products, around the globe, which has further consolidated its competitive edges in the industry globally.

Ken-Valve, the Company's transcatheter aortic valve replacement ("TAVR") products, received registration approval from the NMPA and a manufacturing license, for which the Company is actively carrying out a full range of commercialization activities.

1. THE INFLUENCE OF TTVR CONTINUED TO INCREASE DOMESTICALLY AND INTERNATIONALLY AND ITS GLOBAL LEADERSHIP POSITION HAS BEEN FORTIFIED, LAYING A SOLID FOUNDATION FOR ITS GLOBAL COMMERCIALIZATION

- The one-year clinical follow-up results of the TRAVEL II, the multicenter clinical trial study of LuX-Valve Plus, were officially published globally at the 2024 Transcatheter Cardiovascular Therapeutics conference (TCT 2024) in the U.S. The one-year clinical follow-up results of the TRAVEL II demonstrated the outstanding clinical performance of LuX-Valve Plus in the mid-to long-term, with low occurrence of safety events and improved efficacy after entering into a longer clinical observation period, allowing the patients to have a further improvement in cardiac function and enjoy a better quality of life, and demonstrating ongoing clinical benefits.

- The one-year clinical follow-up results for patients with annular dilation in the TRAVEL II, the multicenter clinical trial study of LuX-Valve Plus, were published at the PCR London Valves 2024. The outcomes of the study showed that LuX-Valve Plus maintained similar operating time and success rate in patients with annular dilation, which not only effectively reduced tricuspid regurgitation and significantly improved patients' cardiac function one month after the procedure, but also maintained a remarkably low pacemaker implantation rate at the one-year clinical follow-up. The design and clinical performance of LuX-Valve Plus make it an ideal option for the treatment of patients with annular dilation and provide remarkable efficacy and safety.

- LuX-Valve Plus has completed the one-year follow-up of the registration clinical trial in Mainland China and actively submitted the data in accordance with the registration and approval requirements of the NMPA.

- LuX-Valve Plus has completed all of the subject enrollments for the clinical trial carried out in Europe with the aim of obtaining the CE Certificate. Clinical institutions from multiple countries around the world have actively participated in the clinical trial and LuX-Valve Plus won unanimous acclaim from those participating clinical institutions. LuX-Valve Plus has entered the clinical trial stage, and is actively advancing its clinical trial progress in the U.S.

- LuX-Valve Plus has completed a large number of pre-commercial activities worldwide. In order to meet the substantial and urgent demand from tricuspid regurgitation ("TR") patients around the world, we will continue to promote the application of the product globally, in order to further enhance the product's academic position and influence, and lay a solid foundation for the Company's globalization strategy.

- The one-year follow-up results of the clinical trial of LuX-Valve conducted in China were officially published in JACC: CARDIOVASCULAR INTERVENTIONS in April 2025.

- With regard to the LuX-Valve series products, we have trained more than 50 independent physicians and teaching experts in Mainland China, and expanded our footprint to over 220 hospitals with influence in both academia and the industry, covering more than 30 provinces, municipalities, and autonomous regions in Mainland China. In countries and regions other than Mainland China, we have provided training to over 40 independent physicians and teaching experts and have successfully completed implantation procedures or treatment promotions in nearly 100 influential hospitals, which has further enhanced our global influence.

- The global experiences and study outcomes of treating TR patients with LuX-Valve Plus were shared at EuroPCR 2024, New York Valves 2024, Atrio Ventricular Academy Meeting 2024 (AVAM), 11th Mainz Heart Valves Symposium, Hong Kong Valves 2024, and Hong Kong Asia Pacific Congenital and Structural Heart Intervention Symposium 2024 (APCASH), which have captured great attention and received favorable comments from professionals and potential business partners around the globe. We have also shared clinical experiences and live cases at China Valve (Hangzhou) 2024, Beijing Valves 2024, PCRCCV 2024 and CSC 2025, Sydney Valve 2025, TIO 2025, TCT Plus Middle East 2025, etc., demonstrating the outstanding post-procedural results and wide range of applicability of LuX-Valve Plus.

2. THE COMMERCIALIZATION OF KEN-VALVE PROGRESSED IN FULL SWING, ENABLING US TO CAPTURE THE EXACT MARKET OPPORTUNITIES AVAILABLE, AND OPTIMIZE OUR PRODUCTION COSTS AND OPERATIONAL EFFICIENCY TO ACHIEVE REVENUE GROWTH

- The registration for circulation of Ken-Valve has recently been approved by the NMPA and the Company is actively preparing for its commercialization. We will continue to expand our sales and marketing team and our distribution network to cover more hospitals and scale up our regional penetration. Ken-Valve is a relatively rare TAVR product for the treatment of aortic regurgitation in the market, and the Company will take advantage of this market opportunity to gain market shares in the possible soonest time.

- Ken-Valve features a multi-size design with advantage on allowing for a larger anchoring area, which is expected to accommodate a broad range of patients with aortic regurgitation (or combined stenosis). The Ken-Valve's integrated positioning anchor design ensures stable anchoring, and the design of sealing skirt is expected to reduce the incidence of paravalvular leakage post-procedure. The design of delivery system is expected to shorten the learning curve for physicians and reduce procedural time, which will contribute to the commercialization of the product. In April 2025, the one-year clinical follow-up data of Ken-Valve was presented at the 6th CSHC 2025.

- Innovative product design and easy operation have supported the promotion of our products and surgical trainings. For Ken-Valve products, we have trained more than 30 independent physicians and teaching experts. In addition, surgical training and promotion have covered more than 100 multidisciplinary team experts and nearly 100 hospitals.

3. THE REGISTRATION OF JENSCLIP HAS BEEN ACCELERATED, SO AS TO OBTAIN PRODUCT REGISTRATION AND ACHIEVE COMMERCIALIZATION AS SOON AS POSSIBLE TO FURTHER ENRICH THE COMPANY'S COMMERCIAL PIPELINE

- JensClip has completed full enrollment in confirmatory clinical trials and one-year follow up with outstanding clinical results and is expected to submit an application for registration to NMPA as soon as possible in 2025.

- The JensClip features an innovative self-locking design, which is expected to effectively improve mitral regurgitation and reduce leaflet tension. The valve clip allows for flexible shape adjustments, which is expected to enhance procedural safety and improve intraoperative maneuverability. Furthermore, its one-piece release mechanism is designed to minimize potential misoperation risks associated with staged detachment, effectively reducing device operation time.

4. THE COMPANY KEEPS ENHANCING ITS COMPREHENSIVE STRENGTH, EMPOWERING THE COMPANY TO ACHIEVE ITS INTERNATIONAL STRATEGY

- During the Reporting Period, in order to support the development goal of commercialization of our products globally, the Company have established an international standard management system for production and manufacturing, which has significantly increased our production capacity and production yield. In addition, the Company has also adopted a number of cost saving and consumption control measures to ensure its production efficiency. Meanwhile, the Company have constructed and optimized its global supply chain system, improving the efficient supply of the Company's products in the globe in order to meet the increasing overseas demand.

- During the Reporting Period, with our experience in product registration and understanding of regulatory requirements of the major countries/regions such as China, the United States and Europe, we are able to keep improving our research and development technology and production process to align with the management vision and research and development capabilities in the world, which ensures not only the safety and effectiveness of our products, but also the stability of the mass production quality of our products. Moreover, we have further improved the global layout of our intellectual property rights to strengthen the protection to the Company's intellectual property rights.

- Through academic conferences and events, our products matrix has been widely accepted globally, enabling us to access resources and potential partners for our current and future global commercialization. We are exploring to establish cooperation partnership with foreign partners in different phases, which can accelerate the global application of the Company's products.

BUSINESS REVIEW

Overview

We are an international medical device company dedicated to the development of interventional products for the treatment of structural heart diseases. Our Company was established in the PRC in November 2011. Since then we have developed a series of treatment solutions targeting different types of structural heart diseases.

Products and Pipeline

As of the date of this annual report, we have several products in various stages of commercialization and research and development, covering transcatheter tricuspid valve intervention ("TTVR"), transcatheter aortic valve intervention ("TAVR") and transcatheter mitral valve intervention ("TMVR") treatment and many other common fields of treatment on structural heart disease. The current focuses of our business operation are the global promotion of our LuX-Valve series of TTVR and replacement products and the commercialization of our Ken-Valve TAVR and replacement products.

With regard to the LuX-Valve series products, we aim to establish the global technological advantage of this series of products and provide support to any other subsequent key products through a diversified approach, including conducting registration clinical trials and obtaining approvals in multiple countries and regions around the world, continuing our regional expansion for our business development, and establishing international strategic collaborations. With regard to Ken-Valve, for which the approval for registration by the NMPA has been obtained, we have obtained relevant permits for the manufacture and sale of such products, initiated the online registration for such products in multiple provinces, municipalities and autonomous regions, and conducted surgical training and product promotion for the physicians and medical teams in a number of hospitals. The Company is actively promoting its commercialization and expects to achieve commercial implantation in the first half of 2025.

The following diagram summarizes the status of our product candidates under development as of the date of this annual report:

Product Categories	Products	Pre-Clinical	Clinical Stage[Note 1]	Registration	Commercialization[Note 2]
TTVR system	LuX-Valve Plus® ★	NMPA approval: Completed one-year follow up of registration clinical trial			
		CE Marking: Completion of enrollment for registration clinical trial			
		FDA Marking: In the process of enrollment and follow up of EFS clinical study			
	LuX-Valve® ★	Admitted into the Green Path and completed the one-year follow up			
TAVR system	Ken-Valve® ★	NMPA approval			
	KenFlex®	Pre-Clinical Stage			
TMVr system	JensClip®	NMPA approval: Completed the subject enrollments for the confirmatory clinical trial and one-year follow up			
TMVR system	JensRelive®	NMPA approval: In the process of animal trials			
Biomimetic left atrial appendage occluder system	SimuLock®	NMPA approval: In the process of confirmatory clinical trial			
Technology/ Accessories	JeniGal® Anticalcification Technology	NMPA approval			
	Introducer Kit	NMPA approval			
	Dry-tissue Technology	Pre-Clinical Stage			
	Polymer Leaflet Technology	Pre-Clinical Stage			

★: Products with ★ are Core Products.

Note 1: Entering clinical stage is marked by the completion of first human trial.

Note 2: The point in time of expected commercialization is based on the obtaining of product registration certificate.

Our Products and Product Candidates

Tricuspid Valve Product Candidates

LuX-Valve Plus, our proprietary second-generation TTVR system, is designed for patients with severe tricuspid regurgitation and high surgical risk. LuX-Valve Plus works by functionally replacing the patient's dysfunctional native tricuspid valve with a prosthetic valve implanted through a minimally invasive intervention without the need for conventional open-heart surgery. LuX-Valve Plus is a Class III medical device under the classification criteria of the NMPA. LuX-Valve Plus uses a transvascular delivery system through transjugular approach. We expect the transvascular access path not only to effectively simplify the operation procedure with shorter device procedure time, smaller incisions and less damage to the heart tissue, but also to be used in a wider range of situations such as rare and complex anatomical structures. In addition, the delivery system of LuX-Valve Plus is multi-angle adjustable and steerable, allowing physicians to more conveniently adjust the release position and angle, and thereby further increasing the product's safety profile. We have completed the one year follow-up for registration clinical trial for LuX-Valve Plus. We are currently in the process of actively submitting the data in accordance with the registration and approval requirements of the NMPA.

In July 2024, the results of the six-month clinical follow-up of multicenter clinical trial of LuX-Valve Plus (TRAVEL II) were officially published at New York Valves 2024 and the 18th Oriental Congress of Cardiology together with the World Congress of Cardiology (OCC-WCC 2024). For details, please refer to the announcement of the Company dated 2 July 2024.

In October 2024, the results of the one-year clinical follow-up of multicenter clinical trial study of LuX-Valve Plus were published globally at Transcatheter Cardiovascular Therapeutics conference (TCT) 2024. For details, please refer to the announcement of the Company dated 31 October 2024.

In November 2024, the data for patients with annular dilation from the results of one-year clinical follow-up of multicenter clinical trial study of LuX-Valve Plus were published at PCR London Valves 2024. The design of LuX-Valve Plus makes an ideal option for the treatment of patients with annular dilation and provides remarkable efficacy and safety, contributing to promotion and application of the Company's products at a global scale.

LuX-Valve Plus is undergoing the clinical trial carried out in Europe with the aim of obtaining the CE Certificate. Various clinical institutions from multiple countries in the world actively participated in the clinical trial and LuX-Valve Plus won unanimous acclaim from those participating clinical institutions. In October 2023, LuX-Valve Plus was selected for the Expert Panel Scientific Advice Pilot of the European Medicines Agency, and it is expected that the clinical development and clinical research of LuX-Valve Plus will be guided by the expert panels, which will further accelerate the clinical development and registration progress for CE Certificate in Europe, and to expand the global reach and facilitate the internationalization progress of the product.

LuX-Valve Plus has entered the clinical trial phase in the U.S., with continuous accumulation of U.S.-based clinical experience. It was expected that the enrollment for the early feasibility study (EFS) clinical study would be completed in the second quarter of 2025 and the study would then enter pivotal trial preparation, marking a significant progress made by LuX-Valve Plus in the U.S. clinical trial registration and in overseas applications. In September 2023, LuX-Valve Plus was enrolled in the Total Product Life Cycle Advisory Program ("TAP") pilot of the FDA.

A series of preparation activities for commercialization of LuX-Valve Plus have been completed in several regions of the world. In order to meet the substantial and urgent demand from tricuspid regurgitation patients around the world, we will continue to promote the application of our products in different regions worldwide, so as to further enhance the Company's academic position and influence in the world, and lay a solid foundation for the Company's globalization strategy.

LuX-Valve, our proprietary TTVR system, is designed to treat patients with both severe tricuspid regurgitation and high surgical risk. LuX-Valve works by replacing the function of a patient's dysfunctional native tricuspid valve with a prosthetic valve implanted through a minimally invasive intervention without the need for conventional open-heart surgery. LuX-Valve is a Class III medical device under the classification criteria of the NMPA. LuX-Valve was admitted into the Special Examination for Innovative Medical Devices (the "Green Path") by the NMPA in January 2019. In November 2023, the one-year results of the confirmatory clinical trial of LuX-Valve were reported at the PCR London Valves 2023. We are currently in the process of active communication with NMPA, and expect that an application for registration will be submitted to NMPA for approval in due course.

As of the date of this annual report, over 700 cases of implantation of the LuX-Valve series products have been completed worldwide, with a record of the longest follow-up of over 6 years. The one-year follow-up results of the clinical trial of LuX-Valve conducted in China were officially published in JACC: CARDIOVASCULAR INTERVENTIONS in April 2025.

Aortic Valve Product Candidates

Ken-Valve, our proprietary first-generation TAVR system, is designed for the treatment of patients with severe aortic regurgitation or combined with aortic stenosis. The Ken-Valve TAVR system features a multi-size stent platform, designed to severe address aortic regurgitation ("AR") or combined aortic stenosis ("AS"), thereby covering the majority of aortic valve pathologies. The valve employs anti-calcification treated bovine pericardial leaflets in a supra-annular design, achieving an optimal balance between large effective orifice area, long-term durability, and effective anti-thrombogenic properties. The integrated positioning keys are engineered to resolve anatomical challenges, such as annular dilation and the lack of anatomical structures for anchoring in the sinus of Valsalva. These keys engage the native leaflets within the sinus, achieving coaptation alignment while generating radial clamping forces. This mechanism ensures stable anchoring and prevents coronary ostium obstruction caused by prosthetic valve interference. An anti-paravalvular leakage (PVL) skirt integrated into the stent's anchoring zone significantly reduced post-procedural PVL risk. The delivery system incorporates active steerable function with a non-wire-controlled steering mechanism, enabling precise navigation in complex anatomies. This innovation is projected to shorten the operator learning curve and improve procedural efficiency. In January 2025, the registration application for Ken-Valve was approved by the NMPA. The Company has been actively carrying out the commercialization of Ken-Valve.

In April 2025, the one-year clinical follow-up data of Ken-Valve was presented at the 6th CSHC 2025. The results of the clinical trial showed that the average operating time of Ken-Valve was 8.70±8.85 minutes and the success rate of the device was 97.18%. From the moment of implantation to one year after the procedure, the percentage of patients with aortic regurgitation reduced to mild or less was 100%, and postoperative cardiac function and quality of life indicators had improved as compared with those before the procedure. The valves were functionally stable and performed well within one year after the procedure.

KenFlex, our proprietary next-generation TAVR system, is used for the treatment of severe aortic regurgitation or combined with aortic stenosis. Major upgrade has been made to valves and delivery systems. The flexible and easy-to-operate self-positioning anchors work with the stent to stably fix the valve, while reducing radial support and the impact on the conductive bundle branch, and lowering the pacemaker implantation rate. The delivery system is large-angle adjustable through vascular access, and the self-positioning anchor is convenient to operate, which is expected to improve the accuracy and stability of valve placement. KenFlex is currently in the pre-clinical stage.

Mitral Valve Product Candidates

JensClip, our proprietary clip-based transcatheter mitral valve repair ("TMVr") system, is designed to treat patients with severe mitral regurgitation. The JensClip system introduces an innovative self-locking design, providing secure leaflet fixation to maintain stable coaptation, thus effectively reduces mitral regurgitation while mitigating leaflet stress. Featuring a rhombic linkage mechanism, the valve clip enables enhanced shape adaptability during transvalvular navigation, facilitating smooth valve crossing. Its bidirectional retrievability significantly improves procedural safety.The device enables both simultaneous bilateral and selective unilateral leaflet capture to enhance procedural adaptability. An integrated detachment mechanism minimizes potential risks associated with multi-step detachment processes, effectively releasing accidental deployment errors and shortening procedural time. The subject enrollment of the feasibility clinical trial of JensClip in China was completed in December 2022. As of the date of this annual report, all of the subject enrollments for the confirmatory clinical trial of JensClip and the one-year follow-up were completed and it is expected to submit an application for registration and approval to NMPA in 2025.

JensRelive, our proprietary TMVR (transfemoral) system, is designed to treat patients with severe mitral regurgitation. It works by replacing the function of a patient's dysfunctional native mitral valve without the need for conventional open-heart surgery. JensRelive consists of a prosthetic mitral valve, a delivery catheter system, and a loading system. Our JensRelive uses a special anchoring design, and such design helps the fixation while preventing displacement. In addition, JensRelive is equipped with retrievable and steerable functions, which are expected to improve the valve positioning accuracy and stability during deployment. As of the date of this annual report, we are in the process of conducting pre-clinical study for JensRelive.

Other Structural Heart Diseases Product Candidates

SimuLock, our product candidate for cardiogenic stroke prevention, is our proprietary bionics left atrial appendage occluder system. The three-dimensional sealing and controllable differential endothelial coating design of this product helps to prevent the thromboembolism of left auricle and lower the risk of fatal bleeding for nonvalvular atrial fibrillation patients who are suitable for anticoagulation treatment or have contraindications to anticoagulation treatment. SimuLock adopts a unique design of bionics anchoring, which helps to reduce safety risks. In addition, SimuLock can be modularly assembled as required to cover extensive patients with atrial fibrillation featuring significant differences in anatomical structure of the left atrial appendage. In the third quarter of 2023, we commenced the feasibility clinical trial. In November 2023, we completed the subject enrollment for the first confirmatory clinical trial and clinical implantation of SimuLock. The product is currently in the process of registration clinical trial.

Platform Technology/Accessories

Introducer kit has recently received NMPA approval and is currently used in conjunction with LuX-Valve Plus.

JeniGal anti-calcification technology is currently applicable to all of the Company's commercial products and product candidates, aiming to effectively improve the anti-calcification function of the leaflets and reduce immunogenicity.

Dry-tissue technology and polymer leaflet technology are independently developed by the Company and can be used in the Company's TAVR, TMVR or TTVR product candidates in the future.

Cautionary Statement as required by Rule 18A.08(3) of the Listing Rules: There is no assurance that we will ultimately develop, market and/or commercialize our Core Products or any other product candidates successfully.

Research and Development

Innovative R&D is crucial to the Company's product mix and development strategy. In 2024, we continued to uphold its development idea of driven by clinical pain points and innovative spirit, and kept putting efforts on its research and development layout in the field of interventional treatment of structural heart disease. We have been promoting product technology innovation and improving R&D efficiency from multiple dimensions, including R&D capability enhancement, university cooperation, communication for clinical needs, and external consultation and assistance. With our experience in product registration and understanding of regulatory requirements of the major countries/regions such as China, the United States and Europe, we are able to keep improving our research and development technology and production process to align with the management vision in the world, which has comprehensively increased the Company's R&D efforts in the field of interventional treatment of cardiovascular and structural heart disease, and established a global innovation platform to further consolidate its leading position in domestic and international markets.

With the completion of the subject enrollments for the clinical trial of LuX-Valve Plus in Europe, the successful registration approval for Ken-Valve in China, and the progress of the follow-up of JensClip's domestic clinical trial, the Company has achieved substantial phased results in its comprehensive and international layout in the field of treatment of structural heart disease. In addition, LuX-Valve Plus has obtained approval for the US IDE-EFS trial, further confirming the safety, effectiveness and innovation of the product, and also injecting a driving force into the R&D progress of the product candidates. The Company, while continuing to achieve R&D results, has effectively optimised the cost structure of its R&D work through process reengineering and internal collaboration. With its refined management in project establishment, review and budget control of R&D projects, the efficiency of its R&D work has been greatly improved. In terms of external cooperation, as the Company's products continued to gain momentum in the global market, it has established an academic exchange platform with elite experts in the field of structural heart disease around the world. With the support of domestic and foreign universities and consulting agencies, we have ensured the smooth development of our products.

The Company has always been committed to solving clinical pain points by developing innovative products, By concentrating its major resources, focusing on the areas that it has competitive edges, strengthening industry-university-research-medical cooperation, the Company is able to ensure that its product pipeline is in a healthy and sustainable leading position, and it can provide more scientific and effective treatments for the patients with structural heart disease.

Intellectual Property

As of the date of this annual report, we had:

- Three Core Products, as well as a number of other product candidates in various stages of development; and
- 198 issued patents and 241 patent applications in more than 20 countries or regions.

Manufacturing

We have full manufacturing capabilities, including production lines for stents, valves, and delivery systems, respectively. We procured equipment and machinery from reputable suppliers and completed comprehensive commissioning and qualification steps to verify that the equipment and programs are installed according to the requisite specifications. The Company has obtained ISO 13485 certification. We believe our manufacturing capability will give us an edge in clinical trials and commercialization.

Our manufacturing facility is located in Ningbo, Zhejiang the PRC, and along with two adjacent properties, occupy approximately 7,000 sq.m.. It is designed and built for manufacturing medical devices in compliance with GMP requirements with full manufacturing capability and ready for commercial-scale production. Our manufacturing facility has several production lines, including production lines for stents, valves, and delivery systems, respectively.

Commercialization

Commercialization of our product candidates is critical to our future growth and success. To drive our product launch and bring our product candidates to market, we are assembling our core commercial leadership team in anticipation of product launch.

As of the date of this annual report, we have built a professional and efficient commercial team responsible for the pre-market introduction and education of the Core Products. The Company's clinical medicine team has set up a professional team with medical literacy and medical operations understanding, which has established the global operating standards through high-standard clinical follow-up feedbacks. At the same time, the sales and marketing team has started preparation for pre-entering the market globally to enhance the Company's market expansion and marketing capabilities to further enhance commercialization capabilities.

The sales and marketing team has started preparation work for product admission as well as the construction of regional distributors' network to enhance the Company's market expansion and marketing capabilities to further enhance commercialization capabilities. As of the date of this annual report, for LuX-Valve series products, we have expanded to more than 220 hospitals in Mainland China with influence in both academia and industry, with presence in more than 30 provinces, municipalities and autonomous regions. We have trained more than 50 independent physicians and teaching experts as of the date of this annual report. We plan to scale up our commercial team to cover the increasing number of hospitals for the upcoming product launch. In countries and regions other than Mainland China, we have provided training to over 40 independent physicians and teaching experts, and have completed implantation procedures or treatment coverage in nearly 100 hospitals. For Ken-Valve, we have trained more than 30 independent physicians and teaching experts. In addition, surgical training and promotion have covered more than 100 multidisciplinary team experts and nearly 100 hospitals.

We have participated in both domestic and overseas high-quality academic conferences in the field of structural heart diseases, including industry conferences, associations, and annual meetings. Such conferences include 2024 Transcatheter Cardiovascular Therapeutics Conference, PCR London Valves 2023, AVAM 2024, Mainz Heart Valve Symposium in Germany, APCASH 2024, Hong Kong Valves, New York Valves 2024, EuroPCR 2024, PCRCCV 2024, 2024 Beijing Valves, OCC-WCC 2024, Taipei Valve Summit 2024, China Valve (Hangzhou) 2024, etc.. These events help us to increase the market visibility of our product candidates, share our clinical results and enhance experts' awareness of clinical benefits of our product candidates. Going forward, we plan to organize and participate in more academic conferences of the aforementioned types globally on a yearly basis.

We are exploring global business development cooperation and partnership with foreign medical device manufacturers and enterprises in different phases, which would accelerate the global commercialization of the Company's products around the world.

Future Development

Our vision is to become a global pioneering medical device enterprise with a comprehensive offering of innovative products for the treatment of structural heart diseases. We plan to implement the following strategies to achieve our goal:

- expedite the application of our Core Products around the world, in order to meet the huge and urgent clinical demands for structural heart diseases treatment;

- specialize in structural heart diseases and build upon our R&D capabilities and seek strategic collaborations to optimize our product portfolio; and

- expand our footprint to become an industry pioneer.

FINANCIAL REVIEW

Other Income and Gains

Our other income and gains primarily consist of (i) gains on financial assets at fair value through profit or loss, representing the realized and unrealized gains from wealth management products we purchased; (ii) net foreign exchange gains in connection with bank balance and cash denominated in U.S. dollars; (iii) government grants, primarily including subsidies received from the local governments to support our R&D activities and business operations; (iv) interest income from bank deposits; and (v) others. Our other income and gains decreased from RMB43.8 million in 2023 to RMB41.6 million in 2024. The decrease was primarily attributable to a reduction in government grants and interests from bank deposits, partially offset by gains on financial assets at fair value through profit or loss.

Research and Development Expenses

Our R&D expenses primarily consist of (i) share-based compensation expenses; (ii) staff costs, including salaries, bonus and welfare for R&D personnel; (iii) costs of raw materials and consumables used for R&D of our product candidates; and (iv) third-party contracting costs, primarily including payments to contract research organizations, clinical trial sites, and other medical institutions and testing fees incurred for preclinical studies and clinical trials.

Our R&D expenses decreased from RMB288.2 million in 2023 to RMB142.6 million in 2024. The decrease was primarily attributable to reductions in share-based compensation expenses, staff costs and costs of raw materials.

The following table sets forth a breakdown of our R&D expenses in absolute amounts for the years indicated:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Share-based compensation expenses	**4,360**	125,073
Staff costs	**48,982**	62,392
Costs of raw materials and consumables used	**10,381**	32,733
Third-party contracting costs	**43,715**	39,713
Depreciation and amortization	**7,424**	6,965
Others	**27,775**	21,275
Total	**142,637**	288,151

Administrative Expenses

Our administrative expenses primarily consist of (i) share-based compensation expenses; (ii) staff costs, including salaries, bonus and welfare for administrative personnel; (iii) professional service fees incurred primarily in relation to recruitment, legal and accounting services; (iv) depreciation and amortization; (v) traveling and transportation expenses; and (vi) others. In 2023 and 2024, we recorded share-based compensation expenses of RMB80.3 million and RMB1.3 million respectively, under our administrative expenses.

Our administrative expenses decreased from RMB150.3 million in 2023 to RMB68.2 million in 2024. The decrease was primarily attributable to reductions in share-based compensation expenses and professional service fees.

The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Share-based compensation expenses	**1,336**	80,315
Staff costs	**34,025**	29,258
Professional service fees	**10,444**	19,808
Depreciation and amortization	**4,333**	5,095
Traveling and transportation expenses	**3,784**	4,790
Utilities and office expenses	**1,234**	844
Others	**13,027**	10,199
Total	**68,183**	150,309

Other Expenses

Our other expenses mainly consist of: (i) loss on disposals of property, plant and equipment; (ii) impairment of property, plant and equipment; (iii) write-down of inventories and (iv) others.

Our other expenses increased from RMB58,000 in 2023 to RMB9.6 million in 2024. The increase was primarily attributable to the increase in impairment losses on property, plant, and equipment and inventory write-downs.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets increased from RMB534,000 in 2023 to RMB6.7 million in 2024. The increase was primarily attributable to the rise in impairments of prepayments, other receivables and other assets.

Finance Costs

Our finance costs mainly consist of lease liabilities and borrowings from Shareholders.

Our finance costs increased from RMB142,000 for the year ended 31 December 2023 to RMB289,000 for the Reporting Period. The increase was primarily attributable to an increase in interest on other borrowings.

Income Tax Expenses

We did not incur any income tax expenses during the Reporting Period.

Loss for the Year

Based on the factors described above, our net losses amounted to RMB379.1 million and RMB185.8 million in 2023 and 2024 respectively.

Working Capital

Our primary uses of cash relate to the R&D of our product candidates and capital expenditures. Our net cash used in operating activities was RMB217.6 million for the Reporting Period, primarily due to R&D expenses and administrative expenses we incurred during the Reporting Period. Our operating cash flow will continue to be affected by our R&D expenses. During the Reporting Period, we primarily funded our working capital requirements through capital contributions from our Shareholders. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. Going forward, we believe our liquidity requirements for conducting our R&D activities and realizing the commercialization of our product candidates, as well as supporting our future expansion plans will be satisfied by using funds from a combination of our cash and bank balances, net proceeds from the Global Offering and other funding sources as we believe appropriate.

Our net cash generated from investing activities was RMB5.6 million for the Reporting Period, primarily due to the proceeds from disposal of financial assets at fair value through profit or loss partially offset by the purchase of items of property, plant and equipment during the Reporting Period.

Our net cash used in financing activities was RMB110.7 million for the Reporting Period, primarily due to the purchase of Shares at the Company's instruction in connection with the H Shares Scheme partially offset by the proceeds from new bank and other loans during the Reporting Period.

As of 31 December 2024, we had cash and cash equivalents of RMB606.0 million, representing a decrease of 34.7% compared to RMB927.8 million as at 31 December 2023.

Our net current assets decreased from RMB1,096.2 million as at 31 December 2023 to RMB621.7 million as at 31 December 2024, primarily attributable to the purchase of bank time deposits, R&D expenses, and administrative expenses incurred during the Reporting Period.

Capital Expenditure

We regularly incur capital expenditures to expand our operations, upgrade our facilities, enhance our development capabilities and increase our operating efficiency. Our capital expenditures primarily consisted of expenditures on properties, machinery and office equipment. We expect our main sources of funding for capital expenditure in 2025 to be from bank and other borrowings, net proceeds from the Global Offering, and capital contributions from our Shareholders.

Our capital expenditures decreased from RMB78.6 million for the year ended 31 December 2023 to RMB71.7 million for the Reporting Period. The decrease was primarily attributable to the decrease in capital expenditures of property, plant and equipment.

Treasury Policy

The Group has adopted a prudent treasury management policy to (i) ensure that the Group's funds are properly and efficiently collected and deployed such that there is no material shortfall in cash which may interrupt the Group's daily operations; and (ii) maintain adequate liquidity to cover the Group's operation cash flows, and administrative expenses. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements all the time.

Key Financial Ratios

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

	As of 31 December	
	2024	2023
Current ratio[1]	**10.7**	19.7
Quick ratio[2]	**10.1**	19.2
Gearing ratio[3]	**10.8%**	7.6%

Notes:

(1) Current ratio is calculated based on total current assets divided by total current liabilities.

(2) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

(3) Gearing ratio is calculated based on total liabilities divided by total assets and multiplied by 100%.

Indebtedness

As of 31 December 2024, we had total bank and other borrowings of RMB60.3 million as compared to RMB40.7 million bank borrowings as of 31 December 2023, approximately RMB44.3 million of the borrowings have maturity over one year and RMB16.0 million of the borrowings are due within 1 year.

Our lease liabilities increased from RMB3.3 million as at 31 December 2023 to RMB4.1 million as at 31 December 2024, primarily attributable to new lease agreements entered into by the Group during the Reporting Period.

Pledge of Assets

As at 31 December 2024, certain leasehold land with a carrying amount of RMB24.3 million was pledged to secure the bank borrowings of RMB15.8 million.

Contingent Liabilities

As of 31 December 2024, we did not have any material contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

During the Reporting Period, we mainly operated in China and a majority of our transactions were settled in RMB, the functional currency of our Company. We are exposed to foreign currency risk mainly arising from exchange rate fluctuations of U.S. dollars against RMB. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group as of 31 December 2024.

HUMAN RESOURCES

As of 31 December 2024, the Group has 211 employees (as of 31 December 2023: 376 employees) in total. In compliance with the relevant 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.

In addition, we are required under the PRC law to make contributions to statutory employee benefit plans (including pension plans, medical insurance and housing funds) at a certain percentage of our employees' salaries, including bonus and allowances, up to a maximum amount specified by the local government.

We recruit our employees based on a number of factors, including work experience, educational background and the requirements of a relevant position. To remain competitive in the labor market, we provide competitive salaries, opportunity to participate in various incentive plans and other 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 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 salaries, promotion and career development. We believe our benefits, working environment and development opportunities for our employees have contributed to good employee relations and employee retention.

Our Company has adopted Employee Incentive Plans on 30 October 2020 and 27 April 2021, as well as the H Share Scheme on 15 December 2023. For further details, please refer to the section headed "Employee Incentive Plans" and "The H Share Scheme" in this annual report.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Director

Mr. PAN Fei, aged 40, joined the Group in January 2021. He is the chief executive officer and chief financial officer of the Group. He has served as an executive Director since May 2021. Mr. Pan has over 15 years of experience in corporate management and investment banking, especially focusing on healthcare industry. He has in-depth understanding and insight in both domestic and overseas healthcare industry. Since joining the Group, Mr. Pan has taken important roles in international business management, business strategy and development, and overall financial management and financing activities. Mr. Pan also acts as a director and/or general manager of certain Group's subsidiaries. Mr. Pan obtained a master's degree from the University of Cambridge in 2010.

Non-executive Directors

Mr. LV Shiwen, aged 56, first joined our Group in January 2013 and has been a Director since April 2018. He was appointed as the chairman of the Board of our Company in August 2020, and was re-designated as our executive Director in May 2021 and was subsequently re-designated as a non-executive Director in March 2025. Mr. Lv is responsible for the overall management of business operation, strategy and corporate development of our Group.

Mr. Lv has over 20 years' of experience in the medical devices industry, especially in research and development and production. Mr. Lv led and/or participated in the invention of around 100 types of medical devices, covering cardiovascular products, minimally invasive spine products and endoscopic products, etc. He also participated in the process of development for over 200 registered patents. Mr. Lv was also one of the key research team members in a project for the research and development and application of controllable aortic arch type stent entrusted by the Ministry of Science and Technology of the PRC under the National High-tech R&D Program (863 Program) (國家高技術研究發展計劃(863計劃)). Mr. Lv currently is a member of Zhejiang Pharmaceutical Society Medical Device Expert Committee (浙江省藥學會醫療器械專業委員會) and served as an expert member of the implementation and preparation team in Ningbo 13th Five-year Plan on Technology and Innovation Implementation Plan (寧波市「十三五」科技創新重大專項生物醫藥專項實施方案). He is also a mentor of the Center for China Cardiovascular Innovations (中國心血管醫生創新學院(CCI)). From August 2020 to January 2025, Mr. Lv served as the chief executive officer of our Company. From January 2013 to January 2025, Mr. Lv served as the chief technology officer of our Company.

Prior to joining our Group, Mr. Lv served as a manager of quality control department and production department of MicroPort Medical (Shanghai) Co., Ltd. (微創醫療器械(上海)有限公司), a wholly-owned subsidiary of MicroPort Scientific Corporation (a company listed on the main board of the Stock Exchange, stock code: 0853) from May 2000 to November 2001, and he was primarily responsible for quality control and daily management of the production department. He then served as the vice general manager of LifeTech Scientific (Shenzhen) Co., Ltd. (先健科技(深圳)有限公司), a wholly-owned subsidiary of LifeTech Scientific Corporation (a company listed on the main board of the Stock Exchange, stock code: 1302) from January 2003 to February 2009. His main responsibilities were research and development, quality control and production management. From March 2009 to December 2011, Mr. Lv served as the general manager of Beijing Puhui Biomedical Engineering Co., Ltd. (北京市普惠生物醫學工程有限公司), a company principally engaged in the development, manufacturing and sales of biological valves, and he was responsible for its daily operations. Mr. Lv has been appointed as a director of Cryofocus Medtech (Shanghai) Co., Ltd. ("Cryofocus") (a company listed on the main board of the Stock Exchange, stock code: 6922) since July 2014 and has been re-designated as a non-executive director of Cryofocus since December 2021.

Mr. Lv obtained his bachelor's degree in machinery manufacture and equipment (機械製造工藝與設備) from Harbin Shipbuilding Engineering Institute (哈爾濱船舶工程學院) (currently known as Harbin Engineering University (哈爾濱工程大學)) in July 1993.

Mr. TAN Ching, aged 60, has been a Director since March 2019, and was re-designated as a non-executive Director in May 2021.

Mr. Tan has extensive experience in corporate governance and investment. He has been the executive director and general manager of Shanghai Jiachen Investment Co., Ltd. (上海甲辰投資有限公司) since November 2012. Since October 2018, he has been a director of BMC Medical Co., Ltd. (北京怡和嘉業醫療科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301367). Since January 2024, he has been an independent non-executive director of Xunfei Healthcare Technology Co., Ltd. (訊飛醫療科技股份有限公司), a company listed on the main board of the Stock Exchange (stock code: 2506).

Mr. Tan obtained his bachelor's degree in biomedical electronic engineering (生物醫學電子工程) from Xi'an Jiaotong University (西安交通大學) in 1985 and master of science degree in engineering from the Johns Hopkins University in May 1995. He received an MBA degree from The University of Chicago in March 2000.

Mr. ZHENG Jiaqi, aged 41, has been a Director since October 2020, and was re-designated as a non-executive Director in May 2021.

Prior to joining our Group, Mr. Zheng served as an associate of CICC from June 2007 to August 2010. He joined Primavera Capital Group (春華資本集團) as a founding member of the firm in 2010, and became a managing director in 2015, and subsequently a partner. Mr. Zheng has been serving as the director of LBX Pharmacy Chain Joint Stock Company (老百姓大藥房連鎖股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603883) since January 2020.

Mr. Zheng obtained his bachelor's of arts degree in economics from the University of Manchester in July 2005 and his master's of science degree in finance from the University of Lancaster in November 2006.

Ms. XIE Youpei, aged 55, has been a Director since November 2011, and was re-designated as a non-executive Director in May 2021. Ms. Xie has been our Director since our establishment and she has a thorough understanding of the affairs of our Group. As such and given her experience in financial management, in addition to participating in decision-making in respect of major matters such as corporate and business strategies as with other non-executive Directors, Ms. Xie also provides invaluable supervision and guidance to our Group on financial matters.

Ms. Xie has over 20 years of experience in financial management. She has served as the manager of the finance department of Romon Co., Ltd. (羅蒙集團股份有限公司) since May 2000.

Ms. Xie obtained her bachelor's degree in accounting and finance from Zhoushan Commerce Institute (舟山商業學校) (currently known as Zhejiang Ocean University (浙江海洋大學)) in July 1991 and college diploma in accounting from Zhejiang Institute of Finance & Economics (浙江財經學院) (currently known as Zhejiang University of Finance & Economics (浙江財經大學)) (a distance learning course) in October 1995. Ms. Xie was qualified as an intermediate accountant accredited by the Ministry of Finance (財政部) in May 1999.

Mr. CHEN Xinxing, aged 39, has been a Director since April 2021, and was re-designated as a non-executive Director in May 2021.

Prior to joining our Group. Mr. Chen joined Boston Consulting Group as a consultant from September 2007 to August 2010. He then joined Morgan Stanley as an associate in the China healthcare team of the investment banking department from August 2012 to April 2014. Mr. Chen served as a principal of the China healthcare team of Actis Capital, LLP from April 2014 to May 2018. From September 2018 to March 2020, Mr. Chen served as an executive director of Huaxing Healthcare Fund (華興醫療產業基金). In July 2020, he joined Hillhouse Investment and currently serves as a managing director of Hillhouse Investment. From April 2021 to present, he has served as a director of Hillhouse Investment. Since December 2023, Mr. Chen has been a non-executive director of Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微創醫療機器人(集團)股份有限公司), a company listed on the main board of the Stock Exchange (stock code: 2252).

Mr. Chen obtained his bachelor's degree in finance from the Peking University (北京大學) in July 2007 and received the MBA degree from the Columbia University in May 2012. Mr. Chen is currently qualified as a Chartered Financial Analyst.

Independent Non-executive Directors

Dr. LIN Shoukang, aged 61, is an independent non-executive Director, is responsible for supervising and providing independent judgment and strategic advice to our Board.

Dr. Lin joined Deutsche Bank and served as the head of economic research of the Greater China from January 1998 to May 1999. He served as the deputy director of China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司) (a company listed on main board of the Stock Exchange, stock code: 1359) from May 1999 to October 2000. From November 2000 to November 2018, Dr. Lin served as the head of capital markets department, chief operating officer, head of investment management business, interim chief executive officer, and chairman of management committee respectively during his time in China International Capital Corporation Limited.

Dr. Lin obtained his bachelor's degree in mathematics from the Xiamen University in July 1983, master's degree in economics in July 1987 and doctoral degree in monetary economics in May 1990 from Brown University. Dr. Lin obtained the qualification of bond market executive (債券市場高管資質) accredited by the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) in May 2015.

Ms. DU Jiliu, aged 55, is an independent non-executive Director, is responsible for supervising and providing independent judgment and strategic advice to our Board.

Ms. Du has extensive experience in accounting and finance. Ms. Du served in CICC from April 2000 to February 2014 as an executive director and successively as the head of finance, during which she gained experience in preparing, reviewing and analysing financial statements of listed companies and listing applicants. She then joined CICC Fund Management Limited as an executive director and later a vice general manager from September 2015 to September 2017, and has been its advisor from October 2017 to December 2021. Ms. Du has also been the director of Zhong Xin Tong Ren Capital Ltd. (中鑫同人資本管理有限公司) since October 2018.

Ms. Du obtained her bachelor's degree in economics from Central Institute of Finance and Banking (中央財政金融學院) (now known as the Central University of Finance and Economics (中央財經大學)) in June 1992. She received her EMBA degree from Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University (上海交通大學上海高級金融學院) in December 2018. She was admitted as a member of China Institute of Internal Audit (中國內部審計師協會) in November 2002 and a fellow of Association of Chartered Certified Accountants in October 2004 and a member of the Chinese Institute of Certified Public Accountant (中國註冊會計師協會) in 1995. Ms. Du obtained a practising qualification in funds (基金從業資格) in November 2014 accredited by Asset Management Association of China (中國證券投資基金業協會).

Dr. MEI Lehe, aged 60, is an independent non-executive Director, is responsible for supervising and providing independent judgment and strategic advice to our Board.

Dr. Mei has joined the department of chemistry of the Zhejiang University (浙江大學) since August 1988. Since March 2009, Dr. Mei successively served as the dean of the school of biological and chemical engineering, director of scientific research division (科研處處長), vice principal (副院長) and currently serves as a professor of the Ningbo Institute of Technology, Zhejiang University (浙江大學寧波理工學院).

Dr. Mei obtained his bachelor's degree in chemistry in 1985, master's degree in chemical engineering in July 1988 and doctoral degree in biochemicals (生物化工) in June 2000 from the Zhejiang University.

SUPERVISORS

Ms. XU Jing (徐婧), aged 36, joined in our Group in March 2021 and has been our Supervisor and the chairwoman of Board of Supervisors since then.

Prior to joining our Group, Ms. Xu has been the general manager of Ningbo Lide Medical Technology Co., Ltd. (寧波理得醫療科技有限公司) since December 2018.

Ms. Xu obtained her bachelor's degree in aircraft manufacturing engineering (飛行器製造工程) from Northwestern Polytechnical University (西北工業大學) in July 2010, and her master's and doctoral degree in mechatronics from Université de Technologie de Compiègne in Compiègne, France in July 2012 and October 2016 respectively.

Mr. TANG Hao (唐皓), aged 40, joined our Group in October 2020 and has been our Supervisor since then.

Prior to joining our Group, Mr. Tang served as a project manager of BDO China Li Xin Da Hua Certified Public Accountants Co., Ltd. (立信大華會計師事務所有限公司) (now known as Da Hua CPAs (Special General Partnership), Shenzhen office (大華會計師事務所(特殊普通合夥)深圳分所)). He also served as an investment manager of Shenzhen Extra Investment Co., Ltd. (深圳市鼎泓乘方投資有限公司). He has been the assistant to the general manager of Ningbo Linfeng since June 2014, and the director and chief finance officer of Ningbo Pharmaceuticals Co., Ltd. (寧波藥材股份有限公司) since June 2016.

Mr. Tang obtained his bachelor's degree in finance management (財務管理) from Huazhong University of Science and Technology (華中科技大學) in June 2007.

Mr. HU Bo (胡波), aged 35, has been our Supervisor since March 2021. Mr. Hu joined our Group in February 2019 and is currently serving as our IT director since January 2023.

From February 2018 to January 2019, Mr. Hu served at HicRen Biotechnology Co., Ltd. (寧波華科潤生物科技有限公司) ("HicRen"), and during his term of office there, he served as an IT specialist from February 2018 to January 2019. From February 2019 to September 2019, Mr. Hu was an IT specialist at our Company. From October 2019 to January 2020, he was an assistant engineer at HicRen.

Mr. Hu obtained his bachelor's degree in software engineering (軟件工程) from Tianjin University of Science and Technology (天津科技大學) in June 2013.

SENIOR MANAGEMENT

For full details of senior management who are also our Directors, see "– Directors – Executive Director" in this section.

Mr. PAN Fei (潘斐), is an executive Director, chief executive officer and chief financial officer of our Company.

Mr. LI Yibin (李毅斌), aged 39, has been our vice president since February 2016. Mr. Li joined our Group in November 2011 and successively served as project principal and manager of the R&D department of our Group. Mr. Li is responsible for the overall daily operation of our Group, including quality control, regulatory registration and IP related works.

Prior to joining our Group, Mr. Li worked in MicroPort Medical (Shanghai) Co., Ltd. (微創醫療器械（上海）有限公司), a wholly-owned subsidiary of MicroPort Scientific Corporation (a company listed on the main board of the Stock Exchange, stock code: 00853) from October 2010 to August 2011. Mr. Li participated in the China Innovation Funding (國家重點研發計劃) launched by the Ministry of Science and Technology of the People's Republic of China (中華人民共和國科學技術部).

Mr. Li obtained his bachelor's degree in mechanical manufacturing and automation (機械製造及自動化) from South China University of Technology (華南理工大學) in July 2008 and master's degree in material processing engineering (材料加工工程) from Shanghai Jiao Tong University (上海交通大學) in March 2011.

JOINT COMPANY SECRETARIES

Mr. LI Yuanyuan (李遠源), aged 39, was appointed as one of the joint company secretaries of our company on 21 May 2021 with his appointment taking effect upon Listing. Mr. Li joined our Group in December 2020 and has been our director of finance department since then. Mr. Li also acts as an authorized representative of the Company for the purpose of Rule 3.05 under the Listing Rules since March 2025.

Prior to joining our Group, Mr. Li served as an auditor of Deloitte Touche Tohmatsu Certified Public Accountants LLP (Beijing) (德勤華永會計師事務所有限公司北京分所) from September 2010 to December 2013. He then served as an investment consolidation accountant of Beijing World Xinghui Technology Co., Ltd. (北京世界星輝科技有限責任公司), a wholly-owned subsidiary of 360 Security Technology Inc. (三六零安全科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601360) from February 2014 to September 2015. From March 2016 to November 2016, he served as a senior finance manager of Baofeng Technology Co., Ltd. (暴風科技股份有限公司). He then served as a director of finance of CICCB (Shenzhen) Investment Management Centre (Limited Partnership) (金建(深圳)投資管理中心(有限合夥)) from December 2016 to November 2020.

Mr. Li obtained his bachelor's degree in accounting and finance from the University of Southampton in June 2008 and master's degree in finance from the University of Warwick in November 2009. He was admitted as a fellow of Association of Chartered Certified Accountants in May 2019.

Mr. WONG Wai Chiu (黃偉超) was appointed as one of the joint company secretaries of our Company on 21 May 2021 with his appointment taking effect upon Listing. Mr. Wong is an associate director of SWCS Corporate Services Group (Hong Kong) Limited and has extensive compliance and listed corporate secretarial experience including acting as the company secretary, information technology senior management and senior law enforcement officer in the areas of regulatory compliance and enforcement, internal control, corporate governance, company secretarial work, trust, financial crime investigation and forensics accounting in insurer, the Independent Commission Against Corruption and the Hong Kong Stock Exchange.

Mr. Wong is a fellow member of the Hong Kong Institute of Chartered Secretaries (now known as The Hong Kong Chartered Governance Institute) and The Chartered Governance Institute; Certified Practising Accountant, CPA Australia and Certified Trust Practitioner of the Hong Kong Trustees' Association.

Mr. Wong has been admitted the degree of Bachelor of Social Sciences by the University of Hong Kong, granted a Postgraduate Diploma in English and Hong Kong Law (Common Professional Examination) from the Manchester Metropolitan University, awarded a Master of Arts in Arbitration and Dispute Resolution degree from City University of Hong Kong and Master of Applied Science degree from the University of Technology, Sydney.

CHANGES IN DIRECTORS' AND SUPERVISORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the following changes in the information of our Directors or Supervisors have taken place since publication of the annual report of 2023 and up to the date of this annual report:

Mr. Lv has resigned as the chief executive officer and chief technical officer of our Company. Mr. PAN Fei has been appointed as the chief executive officer of our Company since January 2025.

Mr. TAN Ching has been appointed as an independent non-executive director of Xunfei Healthcare Technology Co., Ltd. (訊飛醫療科技股份有限公司) (a company listed on the main board of the Stock Exchange, stock code: 2506), since January 2024.

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the CG Code contained in Appendix C1 to the Listing Rules as its own code of corporate governance. During the Reporting Period, the Company has complied with all applicable code provisions of the CG Code save and except for the following deviation from code provision C.2.1 of Part 2 of the CG Code.

Under paragraph C.2.1 of Part 2 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Although such appointment is not consistent with such paragraph C.2.1, Mr. Lv was our chairman of the Board and the chief executive officer of our Company during the Reporting Period. With extensive experience in the medical devices industry and having served in our Company since January 2013, Mr. Lv was in charge of the overall management of business operation, strategy and corporate development of our Group. Our Board considered that vesting the roles of chairman and chief executive officer in the same person during the Reporting Period was beneficial to the management of our Group. Upon to the resignation of Mr. Lv as the chief executive officer and the appointment of Mr. PAN Fei as the chief executive officer of the Company on 15 January 2025, the Company has complied with all the code provisions as set out in the CG code.

The balance of power and authority is ensured by the operation of our Board, our Supervisors and our senior management, which comprises experienced and visionary individuals. Our Board currently comprises one executive Director, five non-executive Directors and three independent non-executive Directors, and therefore has a strong independence element in its composition. The Board will closely monitor to ensure that there is a diverse set of skills and experiences that are relevant to the organisations strategic objectives and that there are no significant gaps in the collective expertise to maintain a Board skills matrix. The Board will also conduct regular evaluation of the Board's performance from time to time and to continue to review the effectiveness of the corporate governance structure of the Group to ensure compliance with the CG Code.

THE BOARD OF DIRECTORS

Board composition

As at the date of this annual report, the Board consists of one executive Director, namely Mr. PAN Fei, five non-executive Directors, namely Mr. Lv, Mr. TAN Ching, Mr. ZHENG Jiaqi, Ms. XIE Youpei and Mr. CHEN Xinxing, and three independent non-executive Directors, namely Dr. LIN Shoukang, Ms. DU Jiliu and Dr. MEI Lehe. A list of the Directors and their roles and functions is published on the websites of the Stock Exchange and of the Company. The overall management and supervision of the Company's operation and the function of formulating overall business strategies were vested in the Board. There are no financial, business, family or other material relationships among members of the Board.

During the Reporting Period, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The three independent non-executive Directors represent more than one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer must represent at least one-third of the board. The Board believes there is sufficient independence element in the Board to safeguard the interest of Shareholders.

Directors' responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company. As at the date of this annual report, the Board comprised nine Directors, including one executive Director, five non-executive Directors and three independent non-executive Directors. Their names and biographical details are set out in the "Directors, Supervisors and Senior Management" section of this annual report.

Liability insurance for Directors and senior management of the Company is maintained by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

The management, consisting of an executive Director along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day management and operations of the Group. The executive Director and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Directors' responsibilities for financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

Independent non-executive Directors

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. The functions of independent non-executive Directors include bringing an impartial view and judgement on issues of the Company's strategies, performance and control; and scrutinizing the Company's performance and monitoring performance reporting.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have made positive contributions to the development of the Company through providing their professional advice to the Board.

All independent non-executive Directors are appointed for a term of three years, which is renewable upon re-election and re-appointment.

Diversity policy

Our Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Board has adopted a diversity policy, which sets out the objective and approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

As at the date of this annual report, our Board consists of seven male members and two female members with three Directors of age 39 to 41 years old and six Directors of age 55 to 61 years old. Our Company has reviewed the implementation of the board diversity policy, the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain high standard of operation and complies with the requirements under Rule 13.92 of the Listing Rules.

The Nomination Committee will review this diversity policy on an annual basis to ensure its effectiveness.

Gender Diversity

As at the date of this annual report, the Board currently has two female Directors. The Nomination Committee will take opportunities to increase female representation on the Board when selecting and recommending suitable candidates for Board appointments in accordance with the Company's diversity policy and nomination policy. The Group will continue to emphasize training of female talent and providing long-term development opportunities for female staff. As at 31 December 2024, the gender ratio in our workforce (including senior management) for male and female employees were 39.3% and 60.7%, respectively. For a discussion of the gender ratio in the workforce, please refer to the Environmental, Social and Governance Report in this annual report.

Compensation of Directors, Supervisors and senior management

The emoluments of the Directors and Supervisors of the Group are subject to the Shareholders' approval at the general meeting of the Company, and the emoluments of senior management are decided by the Board, with reference to the recommendation given by the Remuneration and Appraisal Committee, having regard to the Group's operating results, individual performance and comparable market statistics. No Directors or Supervisors, or any of their respective associates, were involved in regard to the relevant resolution approving their own remuneration.

Details of the Directors' and Supervisors' emoluments and emoluments of the five highest paid individuals in the Group are set out in notes 8 to 9 to the consolidated financial statements on pages 123 to 126 of this annual report. Details of the Executive Directors', Supervisors' and senior managements' emoluments are set out in note 8 to the consolidated financial statement on pages 123 to 125 of this annual report.

For the Reporting Period, no emoluments were paid by the Group to any Director, Supervisors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the Directors or Supervisors has waived any emoluments for the Reporting Period.

Except as disclosed above, no other payments have been made or are payable, for the Reporting Period, by our Group to or on behalf of any of the Directors.

Directors' training and professional development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. Subsequently, the Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills.

During the Reporting Period, each Director, namely, Mr. PAN Fei, Mr. LV Shiwen, Mr. TAN Ching, Mr. ZHENG Jiaqi, Ms. XIE Youpei, Mr. CHEN Xinxing, Dr. LIN Shoukang, Ms. DU Jiliu and Dr. MEI Lehe have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, briefing and professional development training to Directors will be arranged whenever necessary. All Directors are encouraged to attend relevant training courses at the Company's expense.

According to the information provided by the Directors, all of the Directors have (i) attended training relevant to the Directors' duties and responsibilities; (ii) read materials relevant to the legal and regulatory updates; (iii) read materials relevant to corporate governance, the Listing Rules and other relevant ordinances, for the Reporting Period.

Board meetings

Code provision C.5.1 of the CG Code stipulates that Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communications. Apart from regular Board meetings, the Chairman should at least annually hold a meeting with the independent non-executive Directors without the presence of other Directors under the code provision C.2.7 of the CG Code.

During the year ended 31 December 2024, eight Board meetings were held at which the Board considered and approved the annual results announcement, annual report, interim results announcement, interim report and other business affairs of the Group. The Company adopts the practice of holding board meetings regularly, at least four times a year, and at approximately quarterly intervals.

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

	Number of meeting(s) attended/number of meeting(s) held for the year ended 31 December 2024					
Name of Director	**Board**	**Shareholders' General Meeting**	**Audit Committee**	**Remuneration and Appraisal Committee**	**Nomination Committee**	**Strategy Committee**
Executive Director						
Mr. PAN Fei	8/8	2/2	N/A	N/A	N/A	1/1
Non-executive Directors						
Mr. LV Shiwen	8/8	2/2	N/A	2/2	1/1	1/1
Mr. TAN Ching	8/8	2/2	N/A	N/A	N/A	N/A
Mr. ZHENG Jiaqi	8/8	2/2	N/A	N/A	N/A	N/A
Ms. XIE Youpei	8/8	2/2	N/A	N/A	N/A	N/A
Mr. CHEN Xinxing	8/8	2/2	N/A	N/A	N/A	N/A
Independent Non-executive Directors						
Dr. LIN Shoukang	8/8	2/2	2/2	2/2	1/1	1/1
Ms. DU Jiliu	8/8	2/2	2/2	2/2	N/A	N/A
Dr. MEI Lehe	8/8	2/2	2/2	N/A	1/1	N/A

The Board intends to meet at least four times per year in the future, and the Chairman intends to hold at least one meeting per year with the independent non-executive Directors without the presence of other Directors. None of the Board or committee meetings were attended by an alternate of the Director.

Nomination policy

The primary responsibilities of the Nomination Committee are to consider and recommend to the Board suitable and qualified candidates of Directors and to review the structure, size and composition (including the skills, knowledge and experience) of the Board and the board diversity policy adopted by the Company on an annual basis.

The Nomination Committee utilizes various methods for identifying candidates for directorship, including recommendations from Board members, management, and professional search firms. In addition, the Nomination Committee will consider candidates for directorship properly submitted by the Shareholders. The evaluation of candidates for directorship by the Nomination Committee may include, without limitation, review of resume and job history, personal interviews, verification of professional and personal references. The Board will consider the recommendations of the Nomination Committee and is responsible for designating the candidates for directorship to be considered by the Shareholders for their election at the general meeting of the Company, or appointing the suitable candidate to act as Director to fill the Board vacancies or as an addition to the Board members, subject to compliance of the constitutional documents of the Company. All appointments of Director should be confirmed by letter of appointment and/or service contract setting out the key terms and conditions of the appointment of Directors.

The Nomination Committee should consider the following qualifications as a minimum to be required for a candidate in recommending to the Board to be a potential new Director, or the continued service of existing Director:

- the highest personal and professional ethics and integrity;
- proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
- skills that are complementary to those of the existing Board;
- the ability to assist and support management and make significant contributions to the Company's success;
- an understanding of the fiduciary responsibilities that is required for a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities;
- the candidates for independent non-executive directorship should meet the "independence" criteria as required under the Listing Rules and the composition of the Board is in conformity with the provisions of the Listing Rules.

The Nomination Committee may also consider such other factors as it may deem are in the best interests of the Company and the Shareholders as a whole.

Mechanism to ensure independent views of Directors

To ensure that the Board can obtain independent views and opinions, our Company has established various formal and informal channels whereby independent non-executive Directors can express their opinions in an open and candid manner, and in a confidential manner, should circumstances require.

Independent non-executive Directors provide constructive suggestions to the Board based on objective judgment through formal and informal channels to improve the efficiency and decision-making of the Board. According to the rules of proceedings of the Board, the views of independent non-executive Directors shall be recorded separately for resolutions which require independent non-executive Directors to express their special views. If the views of independent non-executive Directors are inconsistent, their views shall be recorded respectively. For resolutions which are required to be disclosed, the views of independent non-executive Directors shall be disclosed separately.

BOARD COMMITTEES

The Board delegates certain responsibilities to various Board committees. In accordance with the relevant PRC laws and regulations, the Articles of Association and the Listing Rules, we have established our Audit Committee, Remuneration and Appraisal Committee, Nomination Committee and Strategy Committee.

Audit Committee

The Company established an Audit Committee which consists of three independent non-executive Directors, Ms. DU Jiliu, Dr. LIN Shoukang and Dr. MEI Lehe, with Ms. DU Jiliu being the chairwoman of the committee.

The primary function of the Audit Committee is to assist our Board in providing an independent view of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by our Board which includes, amongst other things:

- proposing to the Board of Directors the appointment and replacement of external audit firms and to consider the proposed audit fees of the auditor;
- supervising the implementation of our internal audit system;
- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties conferred by the Board.

For the Reporting Period, the Audit Committee convened two meetings. The attendance record of the Directors at meetings of the Audit Committee is set out in the table on page 33. The Audit Committee discussed with the management and the external auditor on the issues concerning accounting policies and practices which may affect the Group, along with financial reporting matters.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee which consists of two independent non-executive Directors, Dr. LIN Shoukang and Ms. DU Jiliu, and one non-executive Director, Mr. LV Shiwen, with Dr. LIN Shoukang being the chairman of the committee.

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

- establishing, reviewing and making recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management;
- determining the terms of the specific remuneration package of each Director and members of senior management;
- reviewing and/or approving matters relating to the share scheme pursuant to Chapter 17 of the Listing Rules;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and
- other duties conferred by the Board.

No Director nor any of his associates is involved in deciding his own remuneration.

For the Reporting Period, the Remuneration and Appraisal Committee convened two meetings. The attendance record of the Directors at meetings of the Remuneration and Appraisal Committee is set out in the table on page 33. The Remuneration and Appraisal Committee reviewed the effectiveness of the remuneration policy for directors and senior management.

Nomination Committee

We have established a Nomination Committee which consists of two independent non-executive Directors, Dr. LIN Shoukang and Ms. Du Jiliu, and one non-executive Director, Mr. LV Shiwen, with Dr. LIN Shoukang being the chairman of the committee.

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

- reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least once annually, assist the Board in maintaining a Board skills matrix and making recommendations to the Board regarding any proposed changes to complement the Company's corporate strategy;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships or senior management;
- assessing the independence of our independent non-executive Directors;
- making recommendations to the Board on relevant matters relating to the appointment, re-appointment, succession planning and removal of our Directors;
- to develop and review the policy concerning diversity of members of the Board on a regular basis; make recommendations to the board on measurable objectives for achieving diversity of the Board and monitor the progress on achieving the objectives;
- other duties conferred by the Board; and
- to support the Company's regular evaluation of the Board's performance.

For the Reporting Period, the Nomination Committee convened one meeting. The attendance record of the Directors at meetings of the Nomination Committee is set out in the table on page 33. The Nomination Committee reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board.

Strategy Committee

We have established a Strategy Committee which consists of one executive Director, Mr. PAN Fei, one non-executive Director, Mr. Lv and one independent non-executive Director, Dr. LIN Shoukang, with Mr. Lv being the chairman of the committee. The primary duties of the Strategy Committee are to study and advise on the long term strategy and operation plans of our Group.

The Strategy Committee will assist the Board, in conjunction with our management, in addressing our Company's overall mission, vision and strategic direction. Areas of focus will include: providing the Board and management, as applicable, with input and recommendations with respect to key strategic initiatives and major R&D programs and partnerships; and assisting management in establishing a strategic planning process, identifying and addressing organizational challenges and evaluating strategic alternatives.

For the Reporting Period, the Strategy Committee convened one meeting. The attendance record of the Directors at meetings of the Strategy Committee is set out in the table on page 33. The Strategy Committee discussed and advised the Board on the long-term development strategies and operation plans of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code contained in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and Supervisors. Having made specific enquiries of all the Directors and Supervisors, each of them has confirmed that he/she complied with the Model Code during the Reporting Period.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses insider information in relation to those securities. No incident of non-compliance of the Model Code by the relevant officers and employees was noted by the Company.

REMUNERATION PAYABLE TO MEMBERS OF SENIOR MANAGEMENT

Pursuant to code provision E.1.5 of Part 2 of the CG Code, the annual remuneration of members of the senior management by band for the Reporting Period is set out below:

Remuneration by band	Number of members of senior management
Nil to HK$1,000,000	3
HK$2,000,001 to HK$3,000,000	1
HK$4,000,001 to HK$5,000,000	1

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties set out in code provision A.2.1 of Part 2 of the CG Code. As at the date of this annual report, the Board has performed the following duties:

- to develop and review the Company’s policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to develop, review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company’s compliance with the CG Code and the disclosure in this Corporate Governance Report.

The Board had performed the above duties during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness in order to achieve the Company's objectives. The Company adopted a series of internal control policies, measures, and procedures designed to provide reasonable assurance, which including effective standards, efficient operations, reliable financial reporting and compliance with applicable laws and regulations. The internal control system can only provide reasonable but not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives. The Company's risk management and internal control systems are reviewed annually for the Reporting Period, and the Company considers that its risk management and internal control systems are effective and adequate. Below is a summary of the internal control policies, measures, and procedures we have implemented:

- The Company conducted, through its internal audit team, an annual audit of the internal controls of each business department, a review on the effectiveness of the risk management and internal control systems and considered them effective and adequate. The audit included reviewing the management of financial statements, purchasing and payment, fixed assets and intangible assets, human resource, research and development, nature and extent of significant risks (and the Company's ability to respond to such risks and changes). The audit procedures could be summarized as below, including not limited:
  - o Interview with responsible personnel;
  - o Obtain and review the required documents;
  - o Test the design and operating effectiveness of the internal control system.
- The Company published the risk management and internal control policies, measures and procedures to ensure that the Company maintained reasonable and effective internal controls and compliance with applicable laws and regulations. Besides, the Company insisted on monitoring the implementation of internal control policies, measures, and procedures, making sure that they were the most updated version based on the current business model.
- The Company implemented the relevant internal control policies, measures and procedures on the site and making regular inspections about the on-site implementation of such policies, measures, and procedures for each stage of the Company's development process.
- The Company adopted various measures and procedures regarding each aspect of the Company's business operation, such as project management, quality assurance, environmental protection, and occupational health and safety. The Company provided the periodic training for the employees, which was one part of Employee Training Program. The Company also required the staff to carry out business activities in accordance with relevant laws, regulations and Company policies by regularly communicating updates and reminders through emails and staff meetings.
- The Company has developed internal policies that provide general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to prevent unauthorized access and use of inside information.
- The Company has also developed a risk management process to identify, evaluate and manage significant risks and to resolve material internal control defects. Senior management of the Group is responsible for the risk reporting process. Risks identified are documented and mitigation plans are deviced. The risk assessment is reviewed by certain members of the senior management and presented to the Audit Committee and the Board for their review.

- The Audit Committee is responsible for reviewing the effectiveness of the risk management and internal control systems. For the Reporting Period, the Audit Committee has reviewed the effectiveness of the risk management and internal control systems, including the financial, operational and compliance controls, and considered that such systems are effective and adequate. The review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources, and considered that the internal audit function is effective and adequate.

We are exposed to various risks during our operations and have established risk management systems with relevant policies and procedures that we believe are appropriate for our business operations.

Our policies and procedures relate to the R&D, manufacture and future commercialization of our products. To monitor the ongoing implementation of our risk management policies and corporate governance measures, we have adopted, among other things, the following risk management measures:

- establish the Audit Committee to review and supervise our financial reporting process and internal control system.

- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions, anti-corruption and anti-bribery compliance and information disclosure;

- arrange the training session for our Directors, Supervisors and senior management to attend regarding the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;

- The Company has also established policies and systems that promote and support anti-corruption laws and regulations. We require our employees to follow our employee manual and code of business conduct and ethics, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanisms, negligence and corruption. We also carry out regular on-the-job compliance training to our senior management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility. Our staff can anonymously report any suspected corrupt incident to the Company; and

- The Company has established a whistle-blowing policy and a system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Company.

AUDITOR'S REMUNERATION

For the Reporting Period, the remunerations paid or payable to Ernst & Young, the external auditor of the Company, in respect of its audit services were approximately RMB1,800,000. A statement by Ernst & Young about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report on pages 95 to 96.

Details of the fees paid/payable in respect of the audit services provided by Ernst & Young for the Reporting Period are set out in the table below:

Services rendered for the Company	**Fees paid and payable** RMB'000
Audit services	1,800

No non-audit services were provided by Ernst & Young for the Reporting Period.

JOINT COMPANY SECRETARIES

The Directors have access to the services of the joint company secretary to ensure that the Board procedures are followed. The current joint company secretaries of the Company are Mr. LI Yuanyuan ("Mr. LI") and Mr. WONG Wai Chiu ("Mr. WONG").

Mr. WONG is an associate member of The Hong Kong Institute of Chartered Secretaries (now known as The Hong Kong Chartered Governance Institute), and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. In compliance with Rule 3.29 of the Listing Rules, Mr. LI and Mr. WONG have undertaken no less than 15 hours of relevant professional training during the year of 2024. The main contact person of Mr. WONG in the Company is Mr. LI.

The biographies of Mr. LI and Mr. WONG are set out in the "Directors, Supervisors and Senior Management" section on page 29 of this annual report.

DIVIDEND POLICY

The Company has a policy on payment of dividends pursuant to code provision F.1.1 of the CG Code as follows:

According to the Articles of Association, the Company may distribute dividends by means of cash, stocks or the combination thereof, with priority given to cash dividends. The Company may distribute cash dividends provided that the following cash dividend conditions are met, and the specific dividend proportion of each year shall be decided by the Board according to the annual profit status and future fund use plan of the Group:

(1) the Company shall make a profit in the fiscal year and the external auditor of the Company shall issue an audit report with unqualified opinions on the Company's financial report of that year;

(2) to ensure the Company's capital needs for normal operation and long term development;

(3) there are no other circumstances in which the Board considers cash dividends are not appropriate.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting and putting forward proposals

According to the Articles, the Board shall furnish a written reply stating its consent or dissent to the convention of the extraordinary general meeting within ten days upon receipt of request in writing from Shareholders individually or jointly holding more than 10% of the Company's Shares to hold an extraordinary general meeting. In the event that the Board consents to convene an extraordinary general meeting, a notice of general meeting shall be issued within five days after passing of a board resolution to that effect. The Board will attend the extraordinary general meeting as far as practicable. Besides, according to the Articles of Association, Shareholders individually or jointly holding more than 1% of the Company's Shares may propose and submit an interim proposal in writing to the convener ten days prior to date of the meeting. The convener shall dispatch a supplementary notice of the Shareholders' general meeting within two days after receipt of the proposals and announce the contents of such interim proposal.

As regards the procedures for shareholders to propose a person for election as a Director, they are available on the Company's website at **www.jenscare.com**.

Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the joint company secretaries of the Company at the Company's principal place of business in Hong Kong at 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. The Company will not normally deal with verbal or anonymous enquiries.

For the avoidance of doubt, Shareholder(s) 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.

COMMUNICATION WITH SHAREHOLDERS AND 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. In order to promote effective communication, the Company has adopted a shareholder communication policy that aims at establishing a two-way relationship and communications between the Company and the Shareholders. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, the chairman of the Board, the Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries. The external auditor of the Company will also attend the annual general meetings of the Company to answer questions about the conduct of the audit, the preparation and content of the independent auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company maintains a website at **www.jenscare.com**, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

During the Reporting Period, the Board has reviewed the effectiveness of the Company's shareholder communication policy. The Company believes that the Company's shareholder communication policy has facilitated adequate communication with Shareholders and considers the policy to be effective and appropriate.

Shareholders are entitled to supervise the business operations of the Company and put forward recommendations or enquiries in relation thereto. Shareholders and public investors are welcome to make enquiries and put forward suggestions to the Company, and the Board will strive to attend the general meeting so as to answer the questions of the Shareholders. In addition, Shareholders may send their written concerns and enquiries that need to be brought to the attention of the Board by email to the Company's email address at IR@jenscare.com.

CHANGES IN CONSTITUTIONAL DOCUMENTS

On 19 September 2024, at the 2024 first extraordinary general meeting of the Company, the Shareholders approved the adoption of an amended Articles of Association to reflect the changes in the updated version of the PRC Company Law (《中華人民共和國公司法》) that came into effect on 1 July 2024.

Save as disclosed above, there is no other change in constitutional documents of the Company during the Reporting Period.

Subsequent to the Reporting Period, on 15 January 2025 at the 2025 first extraordinary general meeting of the Company, the Shareholders approved the adoption of an amended Articles of Association to reflect the requirements under the latest updates of applicable PRC laws, administrative regulations and normative documents. The amended and restated Articles of Association took effect from 15 January 2025, and is available on the respective websites of the Stock Exchange and the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 ESG OVERVIEW

1.1 ESG Report

1.1.1 Company profile

Jenscare Scientific Co., Ltd. (hereinafter the "Group" or "we"/"us") is an international medical device company dedicated to the development and offering of innovative solutions in the realm of structural heart diseases. Since our founding in 2011, we have independently developed a series of innovative products targeting tricuspid valve diseases, mitral valve diseases, aortic valve diseases, heart failure and cardiogenic stroke prevention. And we are expanding our product candidates so as to provide "heart power" for patients around the world who do not have access to effective treatment options.

As of the date hereof, Ken-Valve, our transcatheter aortic valve replacement (TAVR) product, has obtained the marketing authorization approval and the production license from the National Medical Products Administration, and is subject to extensive commercialization activities by the Group. Holding fast to the international development strategy, we keep expanding the global application scope and influence of our core product i.e. transcatheter tricuspid valve replacement (TTVR) LuX-Valve series product, to further reinforce its competitive advantages in the global industry.

1.1.2 Basis for preparation

This Environmental, Social, and Governance Report (hereinafter referred to as this "Report") was prepared according to the key performance indicators ("KPIs") by reference to the calculation standards and methodologies set out in the *Environmental, Social and Governance Reporting Guide*, an appendix to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, informing and presenting such content as per the principles of Materiality, Quantitative, Balance and Consistency. This Report has the same calculation methodologies and coverage as those in the annual report, and has avoided the selections, omissions, or presentation formats that may influence a decision or judgment by the reader. The standards, methodologies, assumptions and calculation tools used for the reporting of emissions and energy consumption are in line with the Reporting Guidance on Environmental KPIs and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

1.1.3 Reporting boundary

This Report aims to provide an overview of the Group's performance in environmental, social and governance (ESG) for the year, for stakeholders to have a better understanding of our sustainability philosophy, management approaches, measures and performance. This Report sets out the principles of our approach to corporate social responsibility and describes our vision and commitment to corporate social responsibility. The disclosure scope of this Report includes the Company and its subsidiaries and branches. This Report covers the period from 1 January 2024 to 31 December 2024.

1.1.4 Mission and vision

We aspire to become a global leader in innovative solutions for structural heart diseases, providing comprehensive treatment options for all types of structural heart diseases through continuous R&D and innovation, with a vision to become a globally leading medical device company offering a full range of innovative products for the treatment of structural heart diseases which will be a boon to patients all over the world. As a medical technology company with a global prospective, the Group will further accelerate the global application process of its core products by integrating multidisciplinary innovations and creating a well-structured heart disease treatment product matrix to address the huge and urgent structural heart disease treatment needs of patients around the world. Focusing on structural heart diseases and building on our product research and development capabilities as well as seeking strategic cooperation to optimize product portfolio and expand product coverage, we are determined to become an industry leader that offers safe and effective medical solutions for patients worldwide, fulfilling our mission and commitment of attaining heart protection and achieving life perfection.

In the ESG governance structure, the Board of Directors, as the highest decision-making body, formulates strategic objectives and implementation paths, balancing economic benefits and social values by dynamic identification of major issues and risks related to ESG. The Group has embedded ESG management deeply into its core operations. In terms of product management, a full-cycle management system covering R&D, production and quality control has been established to ensure patient safety and treatment effect; in terms of staff development, a vocational training system and an inclusive working environment have been created to unleash talent value; in terms of community participation, medical technology accessibility programs are carried out to promote the decentralization of high-quality resources; in terms of compliance management, business ethics and legal risk management system are improved to maintain market order. The Board of Directors conducts periodic evaluation of the effectiveness of the implementation of the sustainable development strategy to push forward the innovation of green operation mode constantly, and promotes the coordinated development of corporate operation and ecological environment through continuous input in low-carbon technology R&D, resource efficiency improvement and so on.

1.2 Materiality and Stakeholder

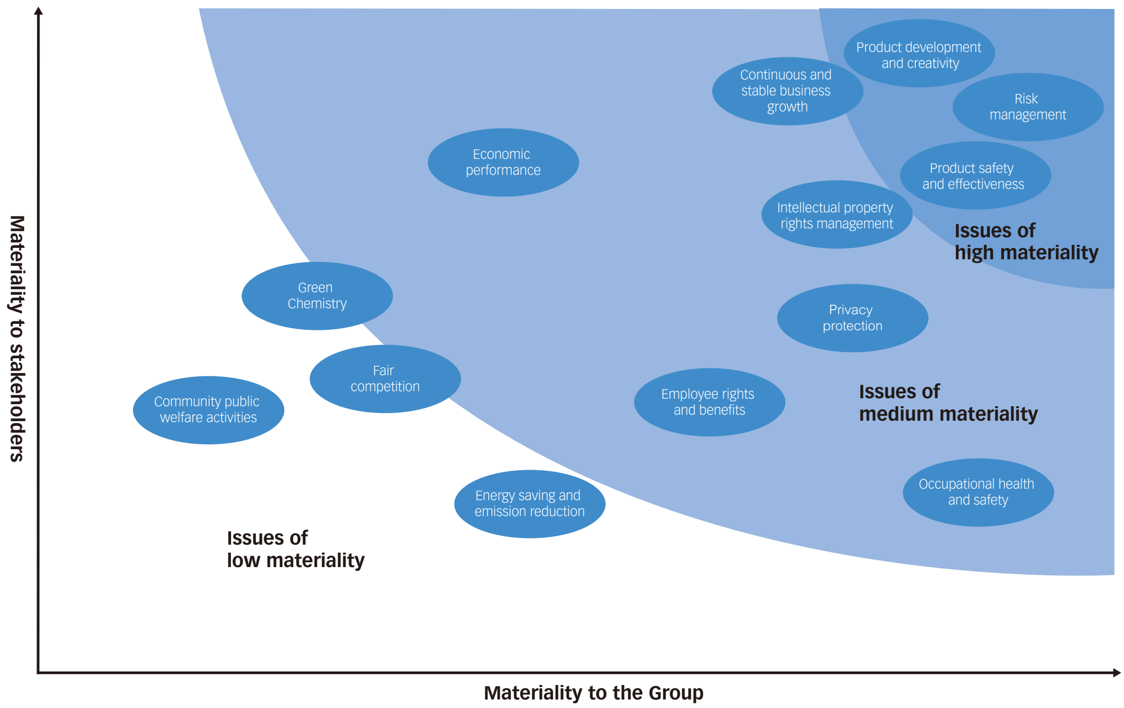
1.2.1 Stakeholder engagement

The Group regards stakeholder synergy as the core support of its sustainable development strategy, and thus establishes an institutionalized communication mechanism to accurately identify the value propositions of different entities. The Group has systematically constructed a stakeholder map covering eight dimensions, namely, government and regulators, shareholders and investors, customers and partners, suppliers, employees, community and public, board members, trade and industry associations, and developed differentiated communication strategies for different entities. When developing the strategy, the Group transforms the core concerns of stakeholders, which are derived from periodic demand research, seminars and cooperation feedback, into substantive issues of ESG management, to ensure the inclusiveness and accessibility of the sustainable development path. This interactive mode based on value co-production continuously drives the dynamic alignment of the Group's strategic decisions with stakeholders' expectations, laying the foundation for building a win-win sustainable development ecosystem.

Stakeholder	Expectations and Requirements	Communication Mode
Government and Regulators	National policies, laws and regulations Emission management Product safety and efficacy Business ethics and anti-corruption	Institutional visits Participation in government projects
Shareholders and Investors	Corporate governance Risk management Return on investment Sustained and stable business growth	General meeting of shareholders Information disclosure Investor meetings and exchanges
Customers	Due performance of contracts Honest business operation Quality products and services	Business communication Customer feedback Domestic and international academic conferences
Suppliers and Partners	Compliance in purchasing Win-win cooperation Supply chain sustainability	Business visits and meetings Audit and performance assessment
Employees	Rights and interests protection and salary and welfare Occupational health Diversity and equality Career development	Staff and worker representative congress Information publicity Democratic communication platform Internal and external training
Community and Public	Improvement of community environment Engagement in public welfare undertakings Open and transparent information	Official corporate website Corporate announcement Interview and exchange
Board members	ESG governance Risk management Industry development and win-win	Board meetings
Trade and industry associations	Fair competition Contribution to industry development	Industry conference

1.2.2 Materiality evaluation

Based on the environmental and social areas set out in the *Environmental, Social and Governance Reporting Guide*, the information collected from stakeholders, and the evaluation of materiality to business, the Group has developed the following materiality matrix to show areas of high materiality to stakeholders and the Group.



2 ENVIRONMENTAL PERFORMANCE ANALYSIS

2.1 Emissions Analysis

The Group strictly abides by the national system of environmental protection regulations covering the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste* and the *Integrated Emission Standard of Air Pollutants* and other applicable legal norms for air emission and waste management. By establishing a systematic management and control mechanism, the Group continues enhancing its environmental management system, with emphasis on improving energy efficiency and resource recycling and minimizing the impact of production and operation on the ecological environment, to effectively transform the concept of green development into quantifiable and traceable operational practices.

2.1.1 Emissions indicators analysis

Total air emissions and emission intensity

The air emissions of the Group are mainly the exhaust emissions from the Group's self-owned vehicles, which mainly include Nitrogen oxides (NO_x), Sulfur oxides (SO_x) and particulate matter (PM). In 2024, the total air emissions of the Group was approximately 121.3 kg, equivalent to an emission intensity of about 0.6 kg per capita, reducing by 6.0% year-on-year compared to that in 2023.

Below please find the air emissions and emission intensity of the Group in 2024 by type:

Type of Waste Air	**Emissions** (kg)	**Emission Intensity** (kg per capita)
Nitrogen Oxides (NO_x)	114.5	0.5
Sulfur Oxides (SO_x)	0.1	0.0
Particulate Matter (PM)	6.7	0.0
Total	**121.3**	**0.6**

Note: (1) Air emissions mainly included exhaust emissions from the Group's self-owned vehicles;

(2) Emission Intensity = Emissions/Year-end Total Headcount, same below.

Total GHG emissions and intensity

The Group's greenhouse gas (GHG) emissions mainly include two scopes: (i) direct emissions from fuel combustion of the Company's vehicles, and (ii) indirect emissions from purchased electricity. In 2024, the total GHG emissions of the Group was approximately 841.8 tCO_2e, equivalent to an emission intensity of about 3,989.8 $kgCO_2e$ per capita, reducing by 37.5% year-on-year compared to that in 2023.

Below please find the GHG emissions of the Group in 2024 by type and source:

Direct GHG Emissions

Type of GHG	**Emissions** (tCO_2e)	**Emission Intensity** ($kgCO_2e$ per capita)
CO_2	18.9	89.6
CH_4	0.0	0.0
N_2O	2.7	12.8
Total	**21.6**	**102.4**

Indirect GHG Emissions

Source of Indirect Emissions	**Emissions** (tCO_2e)	**Emission Intensity** ($kgCO_2e$ per capita)
Use of power resources	820.2	3,887.4
Total	**820.2**	**3,887.4**

Note: Direct GHG emissions mainly included GHG emissions from the Group's self-owned vehicles.

Total solid waste discharge and intensity

The Group advocates energy conservation and waste reduction, and strictly regulates the generation and discharge management of solid waste during operation. The Group's waste is mainly the garbage produced in daily office work. In 2024, the waste discharged by the Group primarily contained hazardous wastes including 3.0 tons of spent acid, passivation solution, EDTA (Ethylenediaminetetraacetic acid) and other organics, and non-hazardous wastes including 0.1 tons of office paper and 1.0 tons of packaging materials in logistics process. The Group collected waste for disposal by hazardous waste treatment companies.

Below please find the waste discharge and discharge intensity of the Group in 2024 by type:

Type of Waste	Discharge	Intensity
Hazardous wastes		
Spent acid, passivation solution, EDTA, other organics	3.0 t	14.4 kg per capita
Non-hazardous wastes		
Office paper	0.1 t	0.4 kg per capita
Packaging materials in logistics process	1.0 t	4.7 kg per capita

2.1.2 Emission and waste reduction steps taken and targets set by the Company

Air emission reduction target set and steps taken by the Company

The Group ensures that it operates within the framework of legal compliance and controls emissions at source in strict accordance with the *Environmental Protection Law of the People's Republic of China*, the *Integrated Emission Standard of Air Pollutants*, and other applicable laws and regulations. With respect to transportation, the Administration Department establishes a full cycle management policy for vehicles, implements a stringent inspection and maintenance, energy consumption monitoring and use registration policy, reduces the empty run rate by optimizing the route planning and implementing the centralized boarding mechanism, and gives regular energy-saving driving and maintenance training to drivers, together with the holiday vehicle storage measures, to realize the fine management of the transportation process. In daily operation, the Group pushes for green office practices: strictly controls the number of printing equipment and the efficiency of paper use, and establishes energy-saving printing standards; implements a dynamic monitoring mechanism for water and electricity consumption, and carries out weekly inspection of doors, windows and lighting systems to eliminate potential energy waste in a timely manner. Going forward, we will continue to improve the equipment energy efficiency upgrade plan, deepen the collaborative innovation of energy saving and emission reduction measures, and achieve a step-by-step reduction of total air emissions through the combination of source control and process optimization, so as to minimize the impact of operational activities on the ecological environment.

In the future, the Group will continue to strive for energy conservation and emission reduction, continuously improve the energy efficiency of the Group's equipment, and further reduce the overall air emissions of the Group by improving the corresponding measures, so as to minimize the possible impact of the Group's production and operation on the environment.

How wastes are handled, and the reduction target set and steps taken by the Company

The Group strictly abides by the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste* and other applicable national and local laws and regulations on pollutant discharge management, and develops and updates from time to time the *Waste Management Policy* to specify the management duties, responsibilities and authorities and disposal procedures with respect to wastes within the Group, to ensure the effectiveness and compliance of management. In terms of waste classification and treatment, the Group divides raw and auxiliary materials waste into six categories: recyclable wastes, salable items, unsalable items, hazardous wastes, chemical liquid reagent wastes and waste animal tissues and liquid biological tissue wastes. Any recyclable and salable items (such as used cartons, plastic wastes, glass bottles, etc.) will be collected in the waste warehouse and then sold, while any unsalable items will be placed together into the waste area after the workshop is cleared, and then moved to the designated dump area outside the plant after work every day. In addition, the wastes will be subject to appropriate treatment against being reused when the workshop is cleared. The Group strictly implements the corresponding management measures for the disposal of special wastes, and entrusts qualified suppliers to collect, transport, treat and dispose of its hazardous wastes. Before disposal of any chemical liquid reagent waste, we will collect the MSDS (Material Safety Data Sheet) of the relevant solution and dispose the same according to the information provided in the MSDS, or to the extent that disposal within the Company is not feasible, gather and hand the same over to a professional organization for disposal. Any waste animal tissues will be classified and disposed, with production personnel filling in the Treatment Record of Waste Animal-derived Tissues after disposal, while any disposal of liquid animal tissue wastes will require the Treatment Record of Liquid Animal-derived Tissue Wastes being filled out, to ensure traceability thereof.

The Group continuously monitors waste disposal and strictly implements environmental protection measures to ensure that its operations comply with relevant regulatory requirements, and constantly optimizes waste management processes to improve the efficiency of resource utilization and reduce environmental impact.

2.2 Use of Resources Analysis

2.2.1 Main energy consumption structure of the Company

The Group advocates saving resources and energy, reducing the consumption of energy and raw materials, strengthening energy management, improving the level of reasonable use of energy, thereby reducing the consumption of energy and raw materials, and maximizing the recycling of energy and resources in the production process. In 2024, the Group consumed approximately 7,990.9 liters of gasoline, approximately 1.019 million kWh of electricity and approximately 7,580.0 m³ of water.

Below please find the consumption of various types of energy of the Group in 2024:

Type of Energy	Amount of Consumption	Intensity of Consumption
Gasoline	7,990.9 litres	37.9 litres per capita
Electricity	1.019 million kWh	4,831.5 kWh per capita
Water	7,580.0 m³	35.9 m³ per capita

Below please find all packaging materials for finished products of the Group in 2024 by type of product packaging materials:

Product packaging materials	Unit	Consumption
Plastic	ton	0.2
Paper	ton	0.1

2.2.2 Energy use efficiency target set and steps taken by the Company

The Group actively develops and implements energy conservation measures in strict compliance with the *Energy Conservation Law of the People's Republic of China* and other applicable laws and regulations. To ensure the smooth progress of energy conservation work, the Group has regular production energy conservation meetings to analyze any existing problems and propose improvement plans, and takes timely corrective measures. In terms of lighting management, the Group is phasing out fluorescent lamps and turning to energy-saving bulbs, has implemented regional control of the lighting fitting in the plants and offices, and reasonably sets the lighting on and off times according to seasons and personnel distribution. In addition, there will be staff members patrolling the corridor and passage lighting at scheduled times to make sure the lights are off at night when no one is around, which effectively avoids leaving the lights on for a long time, helping further reduce power consumption. In terms of air conditioning management, the Group strengthens the management on how the air conditioning system sets up and runs, and has the air conditioning system thoroughly maintained and cleaned every year, to ensure its efficient operation; timely puts special and ordinary air conditioners out of service when season changes, and strictly formulates temperature control standards for air conditioning, that is 27°C in summer and 25°C in winter, to shorten the operation time of air conditioning; and encourages the use of air fans in the office area, to reduce the frequency of air conditioning usage, thereby reducing air conditioning energy consumption. With respect to the use of office facilities, the Group advocates reasonable use of computers and reduction of standby time by employees, and clearly requires that all office facilities such as the computers, water dispensers, and printers be turned off after work to avoid wasted energy in standby mode, thus minimizing energy consumption. In terms of the use of freight elevators, the Group reduces the power of luminaires in the freight elevators, which helps to reduce the energy consumption of the freight elevators. Through a series of measures above, the Group is committed to continuously improving the efficiency of energy use and promoting the realization of the sustainable development goal.

The Group has set the energy use efficiency targets: in 2025, achieving 3% saving in electricity consumption, 3% saving in water consumption and 5% saving in fuel consumption, and more than 5% reduction in office energy consumption and energy consumption per capita respectively, from the 2024 energy consumption bases as carefully verified. The Group will constantly monitor the progress of the targets and will continue to review and improve its environmental policies and measures.

2.2.3 Howe to source water that is fit for purpose, target and steps of improving water efficiency

The Group always regards the conservation of water resources as an important environmental responsibility in the course of developing its business. The Group has enhanced the efficiency of water consumption by such measures as strengthening the daily maintenance and management of its water-using equipment, checking for "water dripping, leaking, bubbling", and promptly identifying and correcting any failures found by regular inspection, ensuring normal operation of equipment, and eliminating water waste at source. For water conservation management, the Group posts water-saving slogans to encourage employees to consciously develop water-saving habits and strengthen water-saving awareness, especially, turning off taps and avoiding water dripping; and promotes the installation and use of water-saving equipment, to further increase water-use efficiency. In 2024, the Group did not have any issue in sourcing water that is fit for purpose.

2.3 Environment and Natural Resources Analysis

2.3.1 Analysis on the significant impact of corporate business activities on the environment and natural resources and related measures

The Group is well aware that environmental protection is an important social responsibility for sustainable corporate development. Therefore, the Group always follows and endeavors to reduce the impact of its operations on the environment and natural resources. The Group ensures its business operations in line with environmental standards by strictly following applicable national environmental protection policies and emission and discharge requirements. In order to effectively reduce the impact on the environment, the Group further reduces energy consumption and lowers consumption of natural resources, by replacing with energy-saving equipment, improving the efficiency of resource utilization, and reusing equipment scraps. In addition, the Group has also put in place a waste classification and recycling plan to sort, collect and sell recyclables, improving the recycling rate of resources. In respect of product management, the Group promotes product life cycle management, focusing on the design of recyclable and degradable products to reduce the burden of waste on the environment. In order to improve the efficiency of energy use, the Group is phasing out fluorescent lamps and replacing them with energy-saving ones and has staff members patrolling the corridor and passage lighting at scheduled times to make sure the lights are off when no one is around, thereby saving electricity effectively. Meanwhile, the Group also uses water-saving equipment, to further reduce water consumption. The Group ensures the efficient use of vehicles by means of regular and strict inspection, maintenance and energy consumption management of company vehicles. As for resource utilization, energy saving and emission reduction, the Group has continuously improved and optimized its operational measures to minimize the impact of its business activities on the environment and natural resources.

2.4 Climate Change Management Analysis

2.4.1 Significant climate-related issues or policies that will impact the Group, and mitigation actions

It has become a global consensus to mitigate climate change and reduce GHG emissions. The Group is well aware of the profound impact of climate change on corporate development and human health, which pushes us to further our understanding on and response measures to climate change, to enhance corporate resilience through practical green and low-carbon practices. The Board of Directors, as the highest decision-making body of the Group, leads the development of corporate ESG strategies and objectives and facilitates carbon emissions through scientific management. The Group regularly evaluates the potential impact of climate change on its business model, financial position, financing channels and value chain, and optimizes relevant strategies based on the evaluation results. Based on the evaluation during the reporting period, climate-related risks and opportunities do not have a material impact on the Group's financial position, financing channels, business model, value chain or other aspects, however, the Group still holds them in high regard and copes with them with forward-looking measures. In regard to low-carbon operation, the Group continued to make efforts to adapt to and mitigate climate change by strengthening energy consumption management, implementing energy saving and emission reduction measures, introducing energy-saving equipment and strengthening waste reuse, with reference to industry trends and the experience of outstanding peers. In terms of supply chain and business continuity, the Group optimizes its business layout and avoids investing in areas with high climate risks to reduce the operational risks arising from climate change, such as sudden extreme weather conditions. The Group also strengthens its capacity to resist disasters, for instance, optimizing flood control facilities and upgrading to high-temperature resistant equipment, to enhance its adaptability to climate change. In order to advance sustainable development, the Group carries out climate-related knowledge popularization and publicity, to enhance employees' awareness of environmental protection and encourage employees to participate in energy saving and emission reduction activities, such as reducing the use of paper and promoting telecommuting, etc. In addition, the Group has established an incentive mechanism to recognize teams or individuals with outstanding performance in emission reduction and sustainable development.

3 CORPORATE SOCIAL RESPONSIBILITY ANALYSIS

3.1 Current Employment Analysis

3.1.1 Employment principles

The Group is well aware that safeguarding the rights and interests of employees and creating an inclusive and equal working environment are essential to the long-term development of the Company and the personal growth of employees. As such, in respect of recruitment and employment, the Group has always strictly complied with the laws and regulations of the places where it operates, including but not limited to the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and the *Regulations on Labor Protection for Female Employees*, etc. In order to better protect the rights and interests of employees and clarify the employment standards, the Group revised the Employee Handbook in 2024 in accordance with applicable laws and regulations. Through the revision, promotion and implementation of the Handbook, the Group ensures that employees have a clear understanding of the Company's management regulations on attendance, rewards and punishments, etc. and enjoy their due rights and benefits. The Human Resources Department appoints dedicated persons to ensure the effective implementation of the employment policy, supervises the implementation thereof, and timely deals with any grievance and disputes of employees, protecting the rights and interests of employees from infringement. Moreover, the Group establishes a reporting and grievance mechanism as a fair and transparent channel for employees to safeguard their rights, enabling them to raise concerns and seek solutions in a timely manner. The Group also elects the employee representatives and employee supervisors by way of employee election which ensures that the employees are able to exercise their respective rights. The Group, as a firm opponent of any form of discrimination against gender, race, ethnicity, age, religion and nationality, always upholds equality, integrity, diversity, transparency and inclusiveness, and is committed to creating a fair, just and harmonious working environment. The Group encourages mutual respect and understanding among employees, and advocates the integration and development of diverse cultures, allowing each and every employee to find their own value and sense of belonging in the Company. In its employment activities, the Group ensures that no child labor will be used on the basis of equal employment in strict accordance with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other applicable labor laws and regulations. The Group has also clearly included labor protection clauses into the labor contract, corporate policies and the Employee Handbook, and established a labor protection grievance and reporting mechanism to ensure that the legitimate claims of employees are properly handled. In addition, the Group is committed to providing a sound career development environment for employees that promotes their growth with the Company, by active formulation of talent training strategies, and establishment of a comprehensive talent assessment mechanism, personalized career development planning, reasonable remuneration system and comprehensive team health assessment management.

3.1.2 Performance management

The Group is committed to establishing a systematic, fair and transparent performance management system that enables the positive interaction between employee value and corporate development via a multi-dimensional assessment mechanism. In the design of the assessment cycle, a combination of monthly tracking, quarterly assessment, semi-annual review and annual comprehensive evaluation is adopted to form a dynamic, full-cycle management closed loop. At the beginning of each assessment cycle, employees will work with their line managers to set quantifiable and trackable performance targets through two-way communication and continuously optimize their work path through regular coaching. Managers at all levels will undertake the responsibility of performance coaching in the implementation process, helping employees break through bottlenecks and achieve ability enhancement and career development, by means of real-time feedback. The assessment results which adopts the graded scoring system will be applied in key HR decision-making scenarios including remuneration adjustment, job promotion, training planning, incentive based on excellence evaluation, etc. In order to strengthen the credibility of the management system, the Group has specially established hierarchical appeal channels: when employees have doubts about the evaluation results, they can appeal for reconsideration to their respective line managers and department heads in turn, or initiate formal investigation procedures through the leaders in charge or the Human Resources Department. All appeals will be settled within certain time frame to ensure effective protection of the rights and interests of employees. This mechanism not only improves the closed-loop performance management, but also enhances organizational cohesion through two-way communication, laying the foundation for talent management to achieve strategic objectives.

3.1.3 Remuneration and welfare

The Group builds an employee rights and interests protection system in strict accordance with the *Social Insurance Law of the People's Republic of China*, the *Regulations on the Management of Housing Provident Fund* and other applicable laws and regulations. Based on job value and talent contribution, a differentiated remuneration structure with clear levels and promotion channels has been established, covering diversified incentive modules such as base salary, performance-based bonus, equity incentive, special subsidies and year-end incentives, to ensure that our remuneration level is competitive in the industry and effectively realize a dual-driven approach to talent attraction, retention and value co-production. With respect to welfare security, we strictly perform the statutory payment obligations of contributions to social insurances and housing provident fund, and augment the health and living security of employees in the form of supplementary medical insurance, paid holidays, and long-term service recognition program. In response to diversified needs, we set up living security subsidies covering accommodation, commuting, catering, high-temperature operations and other scenarios, and provide personalized benefits such as subsidized rental apartments for talents and flexible working hours. In addition, the Group has set up a career development support system to provide employees with special services such as professional title application guidance, talent household registration assistance and government subsidy application, and enhances organizational cohesion through cultural activities such as annual health check-up, holiday care and departmental team building, with an aim to systematically promote the multi-dimensional balance between work experience and career growth of employees.

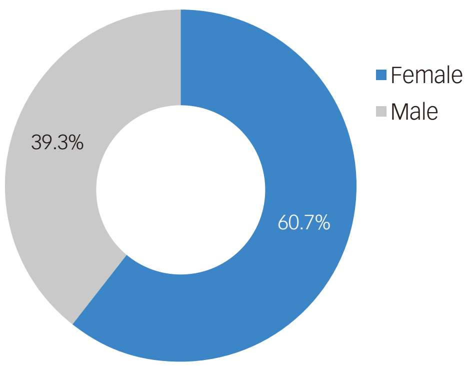
3.1.4 Work hours and holidays

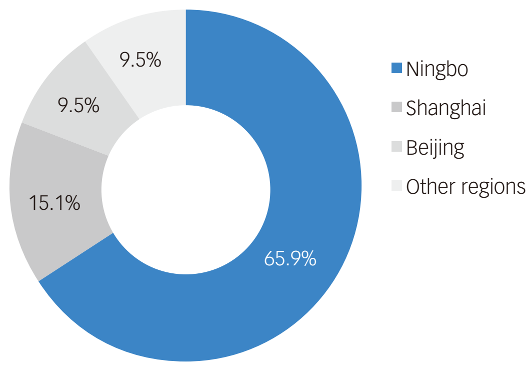
The Group adopts a standard working hour system, and clearly implements a working system of five working days per week and eight hours per day to ensure that the average working hours of employees do not exceed 40 hours per week, in strict accordance with the provisions of the *Labor Law of the People's Republic of China*. In order to safeguard the rest rights and interests of employees, the Group has standardized the overtime management process in the Employee Handbook, requiring employees not to work overtime unless their prior written applications have been approved, so as to eliminate unnecessary overtime from the institutional level. For approved overtime working hours, employees can choose to redeem for compensatory leave of the same length, which effectively guarantees the dynamic balance between work and life of employees. As for leave protection, the Group fully implements the statutory holidays, marriage leave, maternity leave, paternity leave, breast-feeding leave, funeral leave and other public holidays, and establishes an internal welfare system superior to the statutory standards which provides supplementary leave arrangements like paid annual leave, sick leave and personal leave. By building a two-tier holiday structure featured as "guaranteeing statutory leaves and supplemented with leaves under corporate rules", the Group not only fulfills its corporate social responsibility, but also effectively improves the well-being of its employees. In addition, heads of departments are required to regularly evaluate whether their task allocation is reasonable, making it a priority to ensure that employees accomplish their work goals within normal working hours, to systematically reduce the risk of overtime work. This system not only strengthens the legal compliance of labor rights and interests, but also provides institutional support for the physical and mental health of employees and the sustainable development of the organization.

3.1.5 Employee employment status

As of December 31, 2024, the total number of active employees of the Group was 211, of which 139 were based in Ningbo, accounting for 65.9% of the total number of active employees. By gender, the majority of our employees were female, accounting for 60.7% of the total number of active employees. By age, employees aged 30 and below, 31-40, 41-50 and 51 and above accounted for 33.2%, 51.2%, 14.2% and 1.4% respectively. By education background, 54.5% of our employees held a bachelor degree or above, contributing to the relatively high overall educational level of our employees. In addition, all of the 211 employees were full-time employees.

Proportion of the Group's Active Employees by Key Indicators in 2024

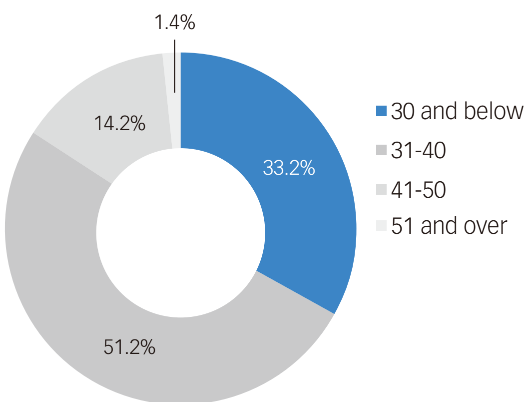




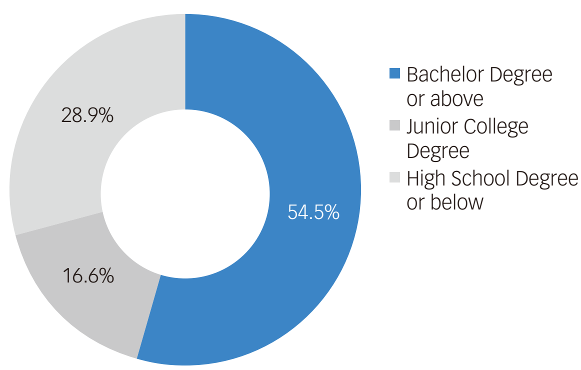
* Note: Other Regions include Hainan, Xi'an, Chongqing, Chengdu and Wuhan

Gender

Region



Age



Education Background

3.1.6 Employee turnover

Upon optimization of organizational structure of the Company, please find the employee turnover of the Group in 2024 below:

Employee turnover rate	**48.2%**
By gender	
Male	50.3%
Female	46.7%
By age	
30 and below	53.9%
31-40	46.3%
41-50	37.5%
51 and above	50.0%
By geographical region	
Ningbo	41.2%
Shanghai	46.1%
Beijing	54.3%
Other regions	55.6%

3.2 Overview of Employee Health and Safety

The Group always regards employee health and safety as the cornerstone of corporate development, and has systematically built an occupational health and safety management framework as strictly required by the *Law of the People's Republic of China on Work Safety*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Technical Specifications for Occupational Health Surveillance*, the *Fire Protection Law of the People's Republic of China* and other applicable laws and regulations. Through the Employee Handbook and the Production and Operation Guide, the Group has clearly defined the code of conduct for safety in the workplace, and established a multi-dimensional protection system covering job risk identification, emergency response and standardized operation procedures, so as to reduce the potential risks in the working environment at source. At the practical level of safety management, the Group implements a differentiated training mechanism based on job characteristics, including special training courses such as three-level safety education, hazardous chemicals operation standards, microbial safety protection and animal-derived safety protection training, and enhances the safety awareness and skills of employees through regular refresher training. From 2022 to 2024, the Group did not have any work-related death of employees, and fully protected the physical and mental health of employees through health intervention measures such as annual health check-up, occupational medical history tracking files and special screening for high-risk jobs. During the reporting period, the Group recorded 0 working day lost due to work injuries. In the future, the Group will continue to optimize the safety education and training system, deepen the preventive management measures, and reinforce the human resources protection line of defense for sustainable development.

3.2.1 Work safety

The Group regards production and operation safety as the core element of its operation management, and establishes a systematic and refined safety management system by strictly following the requirements of applicable laws and regulations. With respect to the safety risks in chemicals management, equipment operation and process operation during the production process, the Group formulates a standard operating procedure, implements a hierarchical risk control mechanism, and constructs a multi-dimensional prevention and control network covering equipment management, dangerous chemicals storage and work flow specification, in line with the *Law of the People's Republic of China on Work Safety* and other laws and regulations, to eliminate potential risks in production to the maximum extent. In order to effectively reduce potential safety hazards, the Group has set up a full-time work safety management team to implement whole-process risk management and control, carry out regular equipment status inspection, process safety assessment and working environment hazard screening, and strictly implement the early warning and emergency management mechanism. In addition, the Group attaches great importance to the training of employees' safety awareness and skills, carries out regular safety training and drills, covering safety operation standards, emergency response and accident prevention, and continuously optimizes the safety management system through regular assessment. By strengthening the system construction, optimizing the risk control process and enhancing the safety management capability, the Group is committed to creating an intrinsically safe production environment, realizing the systematization, standardization and efficiency of safety management, and laying a solid foundation for the safe operation of the Company.

3.2.2 Fire safety

The Group establishes a safety protection system covering all production scenarios according to the requirements of the *Fire Protection Law of the People's Republic of China* and other related regulations. The Group implements three-level safety education, establishes a regularized fire training mechanism, organizes yearly training courses combining theoretical lectures and hands-on drills, covering fire identification, equipment use, evacuation and escape, and organizes fire safety drills and hazard screening every year to build a strong line of defense for work safety, so as to achieve the dual protection of product quality safety and employee occupational health. In regard to the characteristics of building structures and business scenarios, the Group systematically deploys fire protection infrastructure, and ensures the fire protection system in an effective standby state through periodic risk scanning and equipment maintenance mechanism. Through the synergy of system standardization, capacity building and facility guarantee, the Group achieves continuous improvement in the identification rate and disposal efficiency of fire hazards, building up a line of defense for work safety.

3.3 Overview of Employee Development and Training

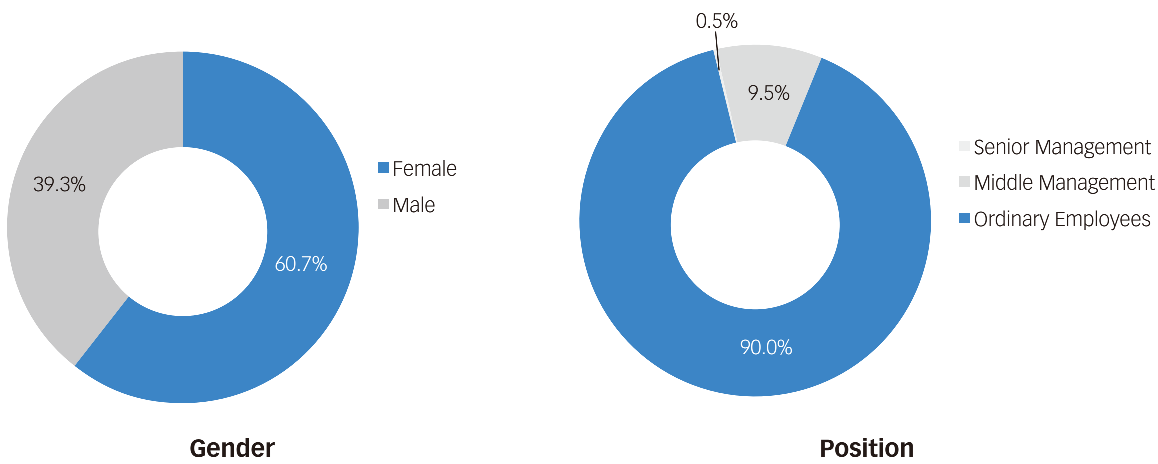
The Group is well aware that talent is the core driving force to promote sustainable development of the Company, so it has always regarded talent cultivation as an important responsibility. The Group firmly believes that the common growth of employees and the Company is the key to win-win, so the Group continuously enhances the professional competence and knowledge level of employees through a comprehensive training system, helping employees achieve their personal career goals as well as promoting the long-term development of the Company. In order to ensure that employees can continuously expand their knowledge and skills, the Group has formulated an annual training plan covering various training contents, aiming to help employees develop their potential, enhance their self-worth and contribute to the development of the Company. The content of training includes without limitation, induction and on-boarding training, job-related skills training, general skills training, management skills training, quality regulations training, legal and compliance training. The Group ensures that employees can benefit from the training plan by integration of internal and external resources and implementation of the training plan. In addition, the Group focuses on the continuous optimization of the training effect. After completion of each training, the Group will evaluate the training effect through questionnaires, interviews, tests, seminars and otherwise, to continuously improve the training system of the Group. To further promote staff learning and communication, the Group will also organize regular internal seminars where experienced employees will be invited to share their expertise and skills, offering diverse learning opportunities for other employees, and enhancing interaction and cooperation among employees. To help with the adaptation and growth of new employees, the Group has specially established a workplace mentor system which helps new employees integrate into the work environment faster and improve their business capabilities. Each new employee will have a mentor who will make a personal career development plan with and provide regular guidance and feedback to such employee, accelerating his/her growth and development. The Company has also set up a learning sharing platform for all employees where they can access training resources according to their own needs at any time.

In 2024, the Group mainly carried out the following training, including the "Clean Room Management Policy and Microbiology Basics", the "Discussion on Quality Issues", the "Personal Information Security and Privacy Management", the "Information Security Protection and Privacy Management System Training", the "International Talent Training Camp", the "Job Skills and Safety Training for Front-line Employees" and the "Training of Internal Auditors for Medical Device Quality Management Systems". These training courses provided employees with systematic expertise and helped them to function better in their respective positions.

3.3.1 Employees trained

As of December 31, 2024, the total number of employees trained of the Group was 211. By gender, female employees accounted for 60.7% of the total number of employees trained. By position, ordinary employees were the main group receiving training, accounting for 90.0%.

Employees Trained of the Group in 2024 by Key Indicators



3.3.2 Average training hours of employees

In 2024, the average training hours for each employee of the Group was 7.9 hours. The average training hours per male employee and per female employee were 8.7 and 7.5 hours, respectively. By position, the average training hours per ordinary employee was 8.4 hours, while the average training hours of middle management and senior management were 3.8 hours and 2.0 hours, respectively.

Below please find the average training hours of the Group's employees in 2024:

Average training hours per employee	**hour**	**7.9**
By gender		
Male	hour	8.7
Female	hour	7.5
By position		
Senior management	hour	2.0
Middle management	hour	3.8
Ordinary employees	hour	8.4

3.4 Principles and Steps Preventing Child and Forced Labour

The Group has always adhered to the principle of legal and compliant employment and firmly opposes to any form of child labor and forced labor, in strict accordance with the applicable national laws and regulations, such as the *Law on the Protection of Minors*, and the *Regulations on the Prohibition of the Use of Child Labor*. The Group is committed to offering every employee a legal, just and fair working environment. In the employee recruitment process, the Human Resources Department will strictly verify the identity certificate and age document provided by each employee to ensure their authenticity and legitimacy. In addition, to further ensure employment compliance, the Group will also conduct background checks through third-party institutions to verify the legal working age of employees and other relevant information, to ensure the compliance and legality of the recruitment process. The Group has zero tolerance for any breach of employment regulations. Relevant personnel must report any suspicious situation to the management and the Human Resources Department immediately, to ensure that necessary measures can be taken promptly and relevant responsible persons be handled in accordance with the laws. In 2024, the Group did not have any incidents involving child or forced labor.

3.5 Current Operation and Management Analysis

3.5.1 Supplier overview

Below please find the regional distribution of the Group's suppliers in 2024:

Total number of suppliers	Entity	417
By geographical region		
PRC	%	95.9%
Outside the PRC	%	4.1%

3.5.2 Supplier management

The Group establishes a systematic supplier management system in strict accordance with the *Tendering and Bidding Law of the People's Republic of China* and its own Supplier Management Policy, etc. At present, the Group has obtained the certification of ISO 13485:2016 Medical devices – Quality management systems, indicating that its supplier management capability has reached the international standards. The Group has implemented a classification and grading management mechanism, and developed differentiated evaluation criteria for different categories of suppliers, covering key dimensions such as license and qualifications, quality management system, product inspection report and delivery capacity.

During the supplier selection stage, the Quality Department will, together with relevant departments, conduct a preliminary inspection of a supplier's samples and generate an evaluation report. The Purchasing Department will review the qualifications of the suppliers who have passed the inspection, especially their production conditions, qualification certificates, and operational capabilities, etc., to ensure the suppliers meet the standards of the Group. The R&D Department will ensure the technical feasibility of the product, while the Quality Department will be responsible for confirming that the quality thereof is up to standard. The on-site audit stage focuses on evaluating the working environment, pollution control and other factors to ensure that the supplier's production conditions and processes meet the requirements of the Group, and are documented appropriately. The Group pays particular attention to the management of clean rooms (zones), including the flow of people and materials, air cleanliness and disinfection measures, to ensure that there is no risk of cross-contamination and that the relevant industry standards are met.

In order to ensure the continuous compliance and stable supply of suppliers, the Group has implemented a dynamic management mechanism. Purchasing personnel shall regularly supervise and review the supplier qualification documents, and if any change in qualification is found, immediately initiate a re-evaluation to ensure that such supplier meets the standards of qualified suppliers. In addition, the Group conducts an annual review of its suppliers to comprehensively assess factors such as historical delivery quality. For suppliers with higher scores, the Group will further deepen the cooperation with them, while suppliers failing the review will need to rectify, and those failing the rectification will face termination of cooperation. At the same time, by enhanced use of the ERP system, the Group has improved the utilization rate of the purchasing module, helping the Group achieve digital management of supplier qualification files and delivery data, dynamically updating the list of qualified suppliers, and improving the transparency and response efficiency of the supply chain. In 2024, the Group has applied relevant management system to all 417 cooperated suppliers.

3.5.3 Purchasing Management

The Group has established a purchasing management system with the *Purchasing Control Procedure* as the core, formulated the *Purchasing Management Process* and other policy documents to specify the responsibilities of the Purchasing Department, process standards and material classification rules, in strict accordance with the *Law of the People's Republic of China on Tendering and Bidding*. The Group categorizes the purchased materials into three classes, namely Class A, Class B and Class C, based on the final impact of the purchased materials on the products and the technical requirements of the services, and divides the relevant suppliers and develops differentiated supplier assessment criteria accordingly. The purchasing process of the Group adopts a multi-department collaborative management and control mechanism: the Purchasing Department is responsible for supplier data collection and business negotiation, the R&D Department reviews technical feasibility, and the Quality Department supervises product quality compliance. We will screen suppliers by classification pre-review, qualification verification, sample testing and on-site evaluation to ensure that the partners meet corporate standards. After the purchasing is completed, the suppliers will be subject to tiered management through annual review, with their on-time delivery, quality qualification rate and service response ability being dynamically tracked, to continuously optimize the supplier database. In order to improve the management efficiency, the Group applies the digital process management system to achieve the online operation of purchasing requirements approval, contract signing, order tracking, etc., enhancing the centralized management of purchasing information and process transparency. Also, the material traceability system is standardized through supporting documents such as the *Document Control Procedure and the Mark and Traceability Control Procedure* to ensure the controllability of the whole supply chain process.

3.6 Product Responsibility Overview

3.6.1 Health and safety of products and services

As a leading company in innovative solutions for structural heart diseases, the Group always puts patient safety first, and ensures safety and reliability of products and services through strict quality management and safety control system. The Group has established a complete set of quality management system specifying the operation norms of R&D, production, inspection and other links, and regularly carries out system implementation monitoring and system effectiveness evaluation, pursuant to the requirements of the *Medical Devices – Quality Management Systems – Requirements for Regulatory Purposes (GB/T 42061–2022/ISO 13485:2016)* (《醫療器械質量管理體系用於法規的要求》), the *Good Manufacturing Practice for Medical Devices* (《醫療器械生產質量管理規範》) issued by the National Medical Products Administration, the *Appendix of Sterile Medical Devices of the Good Manufacturing Practice for Medical Devices* (《醫療器械生產質量管理規範附錄無菌醫療器械》), the *Appendix of Implantable Medical Devices of the Good Manufacturing Practice for Medical Devices* (《醫療器械生產質量管理規範附錄植入性醫療器械》), the *Guidelines for On-site Inspection of Sterile Medical Devices of Good Manufacturing Practice for Medical Devices* (《醫療器械生產質量管理規範無菌醫療器械現場檢查指導原則》), the *Guidelines for On-site Inspection of Implantable Medical Devices of Good Manufacturing Practice for Medical Devices* (《醫療器械生產質量管理規範植入性醫療器械現場檢查指導原則》), the *Medical Device Regulation MDR* ((EU) 2017/745) and other applicable regulations. In order to strengthen its quality assurance capability, the Group actively promoted the certification of ISO 13485 Medical devices – Quality management systems, and obtained the certificate in 2024. This standardized process control and risk prevention mechanism ensures that every link of products from raw material purchase to terminal delivery conforms to regulations and industry standards, and safeguards patient rights and interests and fair competition in the market.

3.6.2 Quality assurance process

The Group puts a high value on product quality, and is committed to offering safe and effective treatment solutions to patients. The Group has rigorously established management norms for the whole quality assurance process, including incoming inspection, process inspection and outgoing inspection, to ensure the quality and safety of each link. For the incoming link, the Group will conduct a comprehensive inspection of the purchased goods according to the IPQA SOP (檢驗作業指導書) to ensure the safety of the raw materials. During the production, the Group comprehensively supervises the production environment and operation process of the processed products by following the detailed SOP, to ensure that the process conforms to the relevant specifications. For the outgoing inspection, the Group focuses on key aspects such as microbial limit, sterility and bacterial endotoxin inspection to ensure that the products meet the requirements of the product quality system.

The Group regards the continuous and effective operation of the quality management system as an important goal, and keeps optimizing its management process to ensure compliance with the requirements of applicable laws and regulations at home and abroad. All quality control documents are developed and performed to provide patients with safer and more compliant products, while responding to and complying with the latest regulatory requirements in the field of medical devices.

3.6.3 Product recall procedures

Taking the health and life safety of patients very seriously, the Group has developed the *Product Recall Management Policy* to strengthen the management of product quality and to ensure rapid and effective measures against any identified potential product safety hazards, which clarifies the requirements and procedures in the course of product recall to ensure that problems can be dealt with in a timely and proper manner. The *Product Recall Management Policy* sets out in detail the responsibilities and authorities of the product recall team, including the assessment of triggering conditions, the determination of recall level, the control of time limit, the investigation and evaluation of potential safety hazards, the assessment of recall effects and the disposal of recalled products. This systematic process enables the Group to ensure the efficient implementation of the recall and safeguard the safety of patients. In 2024, the Group had not commercialized any product and was therefore not involved in the recall of products for safety and health reasons.

3.6.4 Customer Complaints

To satisfy needs of customers has always been an important direction for the Company to advance in its strategic layout and development path. The Group remains committed to offering safe and effective solutions to customers which is taken as the core of its work. To find the best balance between business development and protection of the rights and interests of customers, the Group continuously optimizes the quality of products and services to ensure that customer needs are fully satisfied. In 2024, the Group had not commercialized any product, and received no complaints from customers about the Group's products.

3.6.5 Intellectual property rights management

Advanced management level of intellectual property rights can provide important guarantee to enhance the independent R&D and innovation capabilities. As a medical device company specializing in innovative solutions for structural heart diseases, the Group places a very high premium on the intellectual property landscape and management, to ensure effective protection and operation of core technologies. The Group strictly abides by the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other applicable laws and regulations, and has developed the *Intellectual Property Management Manual*, which is updated from time to time to ensure the long-term effectiveness thereof. The Group has also set up a specialized Intellectual Property Department responsible for the planning, application, maintenance, operation, and risk identification of and relating to intellectual property rights, which not only actively carries out patent layout, but also promotes the protection of intellectual property rights through a sound patent operation system, to ensure the competitiveness of innovations in the market. To inspire innovation of employees and enhance corporate R&D capabilities, the Group has developed the *Intellectual Property Incentive Management Policy*, specifying the incentive standards and payment process, to stimulate creativity and invention. The Company has carried out a comprehensive patent layout for all pipelines under research to ensure that core technologies are fully protected by intellectual property rights.

3.6.6 Customer data protection and privacy policy

The Group attaches great importance to information security, confidentiality of business data and the protection of personal privacy of its customers, and strictly abides by applicable laws and regulations such as the *Personal Information Protection Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China* and the *Cybersecurity Law of the People's Republic of China*. In order to ensure information security, the Group has implemented strict information security control procedures, covering every aspect from collection, storage to transfer of data, to ensure that information is effectively protected throughout its life cycle. At present, the Company has passed the certification of ISO 27001 information security management system and ISO 27701 privacy information management system, and obtained a certificate of accreditation from both CNAS (China National Accreditation Service for Conformity Assessment) and UKAS (United Kingdom Accreditation Service), which indicates that the Group has reached the world's leading standards in terms of information security and privacy protection system. In order to regulate the conduct of employees, the Group has formulated the *Information Security and Privacy Management System Operation Manual*, the *Employee Information Security Guide Book*, the *Information Asset Management Regulations*, the *Data Security Management Regulations* and other procedure documents to specify the confidentiality obligations of employees and the scope of accessible information, and to set forth in detail requirements for the classification of information, confidentiality measures, control process and external personnel management, and conducts regular training to and assessment against employees, so as to ensure that each employee is clearly aware of their responsibilities and conduct boundaries. When a new employee joins the company, the Group will require him/her to sign the Employee Confidentiality and Non-Compete Agreement, which clearly sets forth the specific requirements for the use, storage and archive of data files, so as to safeguard the security and integrity of the data. The Group implements a strict punishment system for employees who cause losses by breaching the confidentiality policy. The Group attaches great importance to confidentiality education and supervision, and will give information security training to employees no less than three times a year by means of online training, email publicity, poster publicity or otherwise, to ensure employees understand the scope of confidentiality, the code of conducts and the consequences of breach of duty of confidentiality. The Group will also check and maintain the information security system regularly to detect and deal with any potential security risks in a timely manner. When cooperating with external partners in clinical trials or service agreements, the Group will incorporate terms on data security and personal privacy protection in the agreements, enter into a Non-disclosure Agreement whenever necessary, and set forth the liability for breach of contract, to ensure that the information security is protected. The Group implements a strict decryption management policy for outgoing documents that need to be decrypted. Reasonableness and necessity of declassification of documents will be the responsibility of the head of the department, and the Administration Department will regularly review the decryption log to ensure the effective implementation of information confidentiality.

3.6.7 Brief Analysis of Anti-corruption Measures of the Company

The Group regards honesty, integrity and fairness as the core principles of corporate operation, which are reflected in the decision-making of the Board of Directors and the code of conduct for employees. In business activities, we strictly abide by laws and regulations such as the *Anti-Money Laundering Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, and resolutely prohibit any form of corruption, bribery, money laundering and unfair competition. In order to strengthen the compliance culture, the Group has developed policy documents including the *Anti-Bribery and Anti-Fraud Management Policy* and the *Code of Conduct for Interaction and Communication with Medical Institutions and Professionals*, and organizes periodic special anti-corruption and anti-commercial bribery training, covering Board members and frontline employees, to continuously improve the legal awareness and professional ethics of all staff. Meanwhile, an internal reporting mechanism that specifies reporting policies and makes complaint channels available has been established to encourage employees to monitor and report potential violations. In response to the verified violations of laws and regulations, the Group has taken tiered disciplinary measures, including the termination of labor relations and referral to justice, and has always maintained a "zero tolerance" position. In 2024, the Group and its employees were not involved in any legal case regarding corrupt practices.

3.7 Overview of Community Investment by the Company

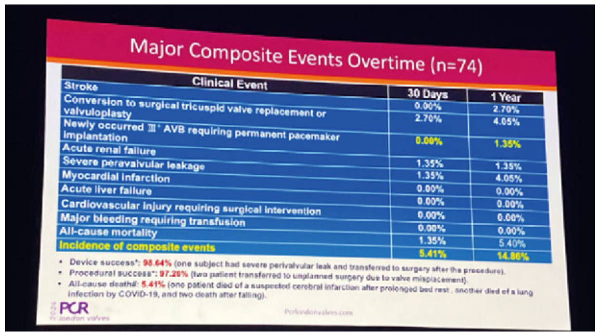
Being well aware that businesses are the bearers of social responsibility, the Group has always been active in public welfare undertakings by virtue of its own advantages and business characteristics. By supporting community building, academic research and technology exchange activities in the healthcare sector, the Group is committed to serving the health needs of global patients with high-quality products, contributing to the optimization of industry ecology and technological innovation breakthroughs. At the practical level, the Group, with the value orientation of "reverence for life, contribution to customer success, pursuit of excellence, self-examination and self-discipline", takes improving the safety and effectiveness of treatment programs as the key path to give back to society, and systematically promotes the improvement of clinical medical level and creates long-term health value for patients through the continuous innovation and quality optimization of product R&D. The following are the major achievements of the Group in community investment in 2024:

Clinical progress of LuX-Valve Plus in Europe released at EuroPCR

In May, the meeting of the European Association of Percutaneous Cardiovascular Interventions (EuroPCR) took place in France at which the clinical progress of compassionate use outcomes of LuX-Valve Plus (救治性) in Europe were released. LuX-Valve Plus is a TTVR product independently innovated and developed by the Group, aiming to provide an innovative solution to the global public health problem of severe tricuspid regurgitation. Clinical data has verified the safety and efficacy of the product in the elderly patient population. The immediate in-hospital assessment showed a significant improvement in tricuspid regurgitation grade, and the 30-day follow-up results further confirmed that the patients' cardiac function was significantly improved, and the right atrial volume was effectively improved after surgery. The clinical breakthrough of LuX-Valve Plus not only reflects the Group's technological innovation capability in the field of structural heart diseases, but also promotes the clinical progress of global cardiovascular disease treatment.

LuX-Valve Plus in PCR London Valves 2024, attracting wide attention with its global surgical experience

In November, the PCR London Valves 2024 was held in the UK, where LuX-Valve Plus tricuspid valve replacement technology attracted global attention with its outstanding clinical results. Experts from France, Spain, Hong Kong, China and Brazil shared their practical application experience, further verifying the safety and effectiveness of the technology. With innovative technology and excellent clinical performance, LuX-Valve Plus offers a more reliable treatment option for patients with tricuspid valve diseases, and is expected to benefit more patients in the future.



LuX – Valve Plus TRAVEL II study published one-year follow-up data, clinical value of tricuspid valve intervention validated

At the Transcatheter Cardiovascular Therapeutics (TCT 2024) held in October, LuX-Valve Plus, the Group's self-developed TTVR system, published the one-year follow-up data of the world's first confirmatory clinical study (TRAVEL II). This achievement, following the six-month follow-up data released at the New York Valves in June 2024 (New York Valves 2024), reconfirmed the clinical value of transcatheter tricuspid valve intervention in high-risk patients.

With the accumulation of more clinical evidence, this technology is expected to further promote the innovation of the standard of treatment for tricuspid valve diseases.

DIRECTORS' REPORT

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is an international medical device company dedicated to the development of interventional products for the treatment of structural heart diseases. A summary of the corporate information and particulars of its subsidiaries are set out in note 1 to the consolidated financial statements of the Group.

An analysis of the Group's operating results for the Reporting Period by its principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and in the consolidated statement of profit or loss and other comprehensive income on page 97 of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chief Executive Officer's Statement" and "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Important Events After the Reporting Period" in this annual report. An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and a discussion of the Company's environmental policies and performance are set out in the "Environmental, Social and Governance Report".

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks Relating to our Financial Position and Need for Additional Capital

- We have incurred significant operating losses since our inception, and expect to continue to incur operating losses for the foreseeable future. As a result, you may lose substantially all your investments in us given the high risks involved in the medical device business.

- We had net cash outflows from our operating activities in the past and we will need to obtain additional financing to fund our operations.

Risks Relating to the Development of our Product Candidates

- Our future growth depends substantially on the successful development of our product candidates to commercialization. We may be unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so.

- The initial or interim results of clinical trials may not be predictive of the final clinical trial results and may be subject to adjustments.

- 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.

- If we encounter difficulties or delays in enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

- We may not be successful in developing, enhancing or adapting to new technologies and methodologies.

- Our employees, collaborators, service providers, independent contractors, principal investigators, consultants, vendors, contract research organizations and site management organizations may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could result in delay or failure to develop our products.

Risks Relating to the Commercialization of Our Product Candidates

- Our product candidates may not be well received by physicians and hospitals, and may face fierce competition against other products upon their commercialization.

- We might not be able to price our products competitively as compared to similar products in the market or other alternative treatment options, and our products might fail to achieve broad market acceptance.

- Even if we are able to commercialize any of our product candidates, our future pricing strategy and downward pricing of our future products may have a material adverse effect on our business and results of operations.

- Even if we are able to commercialize any product candidates, our sales may be affected by the level of medical insurance reimbursement patients receive for treatments using our products.

- The actual market size of our Core Products may be smaller than we anticipate, which could render them ultimately unprofitable even if commercialized.

- There is no guarantee that we will effectively manage and succeed in expanding and deepening hospital penetration.

Risks Relating to Extensive Government Regulations

- The research, development and commercialization of our product candidates are heavily regulated in all material aspects, and changes in regulatory requirements may adversely affect our business.

- The regulatory approval processes are lengthy, expensive and inherently unpredictable, and we may not be able to obtain, or experience delays in obtaining, required regulatory approvals.

Risks Relating to Manufacture and Supply of Our Product Candidates

- The manufacture of our product candidates is a highly exacting and complex process and subject to strict quality controls. Our business could suffer if our product candidates are not produced in compliance with all the applicable quality standards.

- We may face damage to, destruction of or interruption of production at our facilities.

- We may be exposed to potential product liability claims, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur.

- If we are unable to obtain and maintain patent protection for our product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

Risks Relating to Our Operations

- We may face intense competition in the medical device business and fail to expand our business successfully.

- Acquisitions or strategic partnerships may increase our capital requirements, dilute our Shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

- If we fail to successfully integrate our recently acquired subsidiary or any future targets into our operations, our post-acquisition performance and business prospects may be adversely affected.

Risks Relating to International Expansion of our Business

We expect to expand further into international markets, and may be subject to the following risks:

- challenges in providing products, services and support, in recruiting personnel in international markets, and in managing sales channels and distribution networks effectively;

- challenges in commercializing our products in new markets where we have limited experience with the local market dynamics and no existing or developed sales, distribution and marketing infrastructure;

- difficulties in dealing with regulatory regimes, regulatory bodies and government policies with which we may be unfamiliar, in order to obtain permits, licenses and approvals necessary to manufacture, market and sell products in or to various jurisdictions;

- inability to effectively enforce contractual or legal rights; and

- changes in laws, regulations and policies, including trade policies, as well as political, economic and market instability or civil unrest in the relevant countries and jurisdictions may adversely affect or result in our inability to sustain our expansion in international and cross-border operations.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

It is our corporate and social responsibility to promote a sustainable and environmental-friendly corporate environment. The Group is committed to fulfilling social responsibility, promoting employee benefits and development, and strives to minimize our environmental impact and to build our corporation in a sustainable way. The Group is subject to environmental protection and occupational health and safety laws and regulations in China. For the Reporting Period, the Group has complied with the relevant environmental and occupational health and safety laws and regulations in China and we did not have any incidents or complaints, which had a material and adverse effect on our business, financial condition or results of operations. Further details of the Company's environmental policies and performance, please refer to the section headed "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors, Supervisors and senior management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

FINANCIAL RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

FINAL DIVIDENDS

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

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Thursday, 22 May 2025. The notice of the AGM and all other relevant documents will be published and despatched to the Shareholders in due course.

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 19 May 2025 to Thursday, 22 May 2025, both days inclusive, during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 16 May 2025. The record date for determining the eligibility to attend the AGM will be on Thursday, 22 May 2025.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the Group's five largest suppliers accounted for 15.3%, as compared to 15.0% of the Group's total purchases for the year ended 31 December 2023. The Group's single largest supplier accounted for 5.2% of the Group's total purchase for the Reporting Period, as compared to 4.2% for the year ended 31 December 2023.

During the Reporting Period, none of the Directors or any of their close associates or any Shareholders (which, to the knowledge of the Directors, own more than 5% of total issued Shares of the Company) had any interest in the Group's five largest suppliers.

During the Reporting Period, the Group had no commercialized products and therefore had no customers.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 24 to the consolidated financial statements of this annual report.

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity of this annual report.

DISTRIBUTABLE RESERVES

As of 31 December 2024, the Company did not have any distributable reserves.

DEBENTURES

The Group did not issue any debentures during the Reporting Period.

FINANCIAL STATEMENTS

The results of the Group for the Reporting Period and the state of the Group's financial position as at that date are set out in the consolidated financial statements on pages 97 to 98 of this annual report.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors during the year ended 31 December 2024 and up to the date of this annual report are:

Executive Director

Mr. PAN Fei

Non-executive Directors

Mr. LV Shiwen *(re-designated from executive Director to a non-executive Director on 21 March 2025)*
Mr. TAN Ching
Mr. ZHENG Jiaqi
Ms. XIE Youpei
Mr. CHEN Xinxing

Independent non-executive Directors

Dr. LIN Shoukang
Ms. DU Jiliu
Dr. MEI Lehe

Supervisors

Ms. XU Jing
Mr. TANG Hao
Mr. HU Bo

The biographical information of the Directors and Supervisors are set out in the section headed "Directors, Supervisors and Senior Management" in this annual report.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to the requirements of the Articles, all Directors (including non-executive Directors) shall be elected or appointed at the Shareholders' general meeting for a term of three years. A Director shall be eligible for re-election upon the expiry of each term. The Company has implemented a set of effective procedures for appointment of new Directors. The nomination of new Directors shall be first deliberated by the Nomination Committee and then submitted to the Board, subject to approval by election at the general meeting of the Company.

Each of the executive Directors, non-executive Directors, independent non-executive Directors and Supervisors has entered into a service contract or a letter of appointment with the Company with a specific term. Such term is subject to his/her retirement and re-election at the general meeting of the Company in accordance with the Articles of Association.

A Director may serve consecutive terms if re-elected. A Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected Director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of Directors results in the number of Directors being less than the quorum.

Save as disclosed above, the Company did not sign any relevant unexpired service contract or letter of appointment which is not determinable within a year without payment of any compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each independent non-executive Director should inform our Company as soon as possible if there is any change of circumstances which may affect his/her independence pursuant to Rule 3.13 of the Listing Rules. No such notification was received during the Reporting Period. Meanwhile, the Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the Reporting Period. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director or Supervisor of the Company or an entity connected with a Director or Supervisor had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, no other contract of significance was entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries, whether for the provision of services or otherwise, during the Reporting Period.

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

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

Long positions in the Shares or underlying Shares of the Company

Name of Director/ Chief Executive	Capacity/Nature of Interest	Class of Shares	Number of Shares[1]	Approximate Percentage of Shareholding in the Company[1] (%)
Mr. Lv[2][3][4][5]	Beneficial owner; interest in a controlled corporation; interest held jointly with another person	Domestic Shares H Shares	44,383,788 (L) 114,863,273 (L)	10.64 27.53
Mr. PAN Fei[6]	Beneficial owner; interest in a controlled corporation	Domestic Shares H Shares	16,363,620 (L) 33,452,479 (L)	3.92 8.02
Ms. DU Jiliu	Beneficial owner	H Shares	10,600 (L)	0.01

Notes:

(1) The letter "L" denotes the person's long position in the Shares. The calculation is based on the total number of 417,167,290 Shares in issue as at 31 December 2024 (excluding treasury shares, if any).

(2) On March 16, 2021, Mr. Lv and Ms. Li entered into a concert party agreement to confirm that they have acted in concert in the management, decision-making and all major decisions of our Group. As such, each of the Concert Parties are deemed to be interested in the Shares each other is interested in.

Ningbo Linfeng Biotechnology Co., Ltd ("Ningbo Linfeng") beneficially owns 16,708,600 H Shares of our Company and is owned as to 65.00% by Shanghai Shidi Industrial Development Co., Ltd ("Shanghai Shidi"), which in turn is wholly-owned by Ms. Li. As such, under the SFO, each of Ms. Li and Shanghai Shidi is deemed to be interested in the equity interests held by Ningbo Linfeng.

Shanghai Shidi beneficially owns 11,810,448 Domestic Shares and 10,385,512 H Shares of our Company and is wholly-owned by Ms. Li. As such, under the SFO, Ms. Li is deemed to be interested in the equity interests held by Shanghai Shidi.

Ms. Li beneficially owns 19,429,200 H Shares of our Company.

(3) Mr. Lv beneficially owns 19,627,920 Domestic Shares and 220,000 H Shares of our Company.

(4) Each of Hainan Maidi Enterprise Management L.P. (Limited Partnership) ("Hainan Maidi") and Ningbo Sangdi Investment Management L.P. (Limited Partnership) ("Ningbo Sangdi") is a limited partnership established in the PRC and one of our ESOP Platforms. Hainan Maidi beneficially owns 26,520,141 H Shares of our Company. Ningbo Sangdi beneficially owns 28,601,640 H Shares of our Company. Ningbo Dixiang Venture Capital Co., Ltd ("Ningbo Dixiang") is the executive partner of each of Hainan Maidi and Ningbo Sangdi and is owned as to 98% by Mr. Lv.

As such, under the SFO, each of Ningbo Dixiang and Mr. Lv is deemed to be interested in the equity interests held by Hainan Maidi and Ningbo Sangdi.

(5) Each of Ningbo Mukang Venture Capital Partnership (Limited Partnership) ("Ningbo Mukang") and Ningbo Kefeng Investment Management L.P. (Limited Partnership) ("Ningbo Kefeng") is a limited partnership established in the PRC. Ningbo Mukang beneficially owns 12,945,420 Domestic Shares and 20 H Shares of our Company. Ningbo Kefeng beneficially owns 12,998,160 H Shares of our Company. Ningbo Dixiang is the executive partner of each of Ningbo Mukang and Ningbo Kefeng and is owned as to 98% by Mr. Lv.

As such, under the SFO, each of Ningbo Dixiang and Mr. Lv is deemed to be interested in the equity interests held by Ningbo Mukang and Ningbo Kefeng.

(6) Hainan Hualing Investment L.P. (Limited Partnership) ("Hainan Hualing") is one of our ESOP Platforms, a limited partnership established in the PRC, and beneficially owns 16,363,620 Domestic Shares and 16,363,620 H Shares of our Company.

Hainan Huahui Investment L.P. (Limited Partnership) (海南華暉投資合夥企業（有限合夥）) ("Hainan Huahui") is a limited partnership with Hainan Yize Medical Technology Co., Limited (海南一則醫療科技有限公司) ("Hainan Yize") as its sole general partner, and beneficially owns 14,716,059 H Shares of our Company.

Hainan Yize is the executive partner of each of Hainan Hualing and Hainan Huahui and is owned as to 99% by Mr. PAN Fei.

As such, under the SFO, each of Hainan Yize and Mr. PAN Fei is deemed to be interested in the equity interests held by Hainan Hualing and Hainan Huahui.

Save as disclosed above and to the best knowledge of the Directors, Supervisors and chief executive of the Company, as of 31 December 2024, none of the Directors, Supervisors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations, (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (iii) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 31 December 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) or entities had an interest or a short position in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholders	Capacity/ Nature of Interest	Class of Shares	Number of Shares[1]	Approximate Percentage of Shareholding in the Company[1] (%)
Ms. Li[2][3][4][5]	Beneficial owner; interest in a controlled corporation; interest held jointly with another person	Domestic Shares H Shares	44,383,788 (L) 114,863,273 (L)	10.64 27.53

Name of Substantial Shareholders	Capacity/ Nature of Interest	Class of Shares	Number of Shares[1]	Approximate Percentage of Shareholding in the Company[1] (%)
Ningbo Dixiang[3][4]	Interest in a controlled corporation	Domestic Shares H Shares	12,945,420 (L) 68,119,961 (L)	3.10 16.33
Ningbo Mukang[4]	Beneficial owner	Domestic Shares	12,945,420 (L)	3.10
Ningbo Kefeng[4]	Beneficial owner	H Shares	12,998,160 (L)	3.12
Shanghai Shidi[2]	Beneficial owner; interest in a controlled corporation	Domestic Shares H Shares	11,810,448 (L) 28,601,640 (L)	2.83 6.86
Ningbo Linfeng[2]	Beneficial owner	H Shares	16,708,600 (L)	4.01
AUT-VII HK Holdings Limited[6]	Beneficial owner	Unlisted Foreign Shares	10,875,000 (L)	2.61
AUT-VII HOLDINGS Limited[6]	Interest in a controlled corporation	Unlisted Foreign Shares	10,875,000 (L)	2.61
Hillhouse Capital Management, Ltd. ("Hillhouse Capital")[6]	Interest in a controlled corporation	Unlisted Foreign Shares	10,875,000 (L)	2.61
Zhuhai Yuheng Equity Investment L.P. (Limited Partnership[7]	Beneficial owner	Domestic Shares	9,309,060 (L)	2.23
Shenzhen Gao Ling Tiancheng III Investment Co., Ltd.[7]	Interest in controlled corporation	Domestic Shares	9,309,060 (L)	2.23
Hainan Huahui[8]	Beneficial owner	H Shares	14,716,059 (L)	3.53
Hainan Hualing[8]	Beneficial owner	Domestic Shares H Shares	16,363,620 (L) 16,363,620 (L)	3.92 3.92
Hainan Yize[8]	Interest in a controlled corporation	Domestic Shares H Shares	16,363,620 (L) 31,079,679 (L)	3.92 7.45
Trinity Elite I International Limited[9]	Interest in a controlled corporation	H Shares	30,091,400(L)	7.21
Trident Trust Company (HK) Limited[9]	Trustee	H Shares	30,091,400(L)	7.21

Notes:

(1) The letter "L" denotes the person's long position in the Shares. The calculation is based on the total number of 417,167,290 Shares in issue as at 31 December 2024.

(2) On March 16, 2021, Mr. Lv and Ms. Li entered into a concert party agreement to confirm that they have acted in concert in the management, decision-making and all major decisions of our Group. As such, each of the Concert Parties are deemed to be interested in the Shares each other is interested in.

Ningbo Linfeng beneficially owns 16,708,600 H Shares of our Company and is owned as to 65.00% by Shanghai Shidi, which in turn is wholly-owned by Ms. Li. As such, under the SFO, each of Ms. Li and Shanghai Shidi is deemed to be interested in the equity interests held by Ningbo Linfeng.

Shanghai Shidi beneficially owns 11,810,448 Domestic Shares and 10,385,512 H Shares of our Company and is wholly-owned by Ms. Li. As such, under the SFO, Ms. Li is deemed to be interested in the equity interests held by Shanghai Shidi.

Ms. Li beneficially owns 19,420,200 H Shares of our Company.

(3) Each of Hainan Maidi and Ningbo Sangdi is a limited partnership established in the PRC and one of our ESOP Platforms. Hainan Maidi beneficially owns 26,520,141 H Shares of our Company. Ningbo Sangdi beneficially owns 28,601,640 H Shares of our Company. Ningbo Dixiang is the executive partner of each of Hainan Maidi and Ningbo Sangdi and is owned as to 98% by Mr. Lv.

As such, under the SFO, each of Ningbo Dixiang and Mr. Lv is deemed to be interested in the equity interests held by Hainan Maidi and Ningbo Sangdi.

(4) Each of Ningbo Mukang and Ningbo Kefeng is a limited partnership established in the PRC. Ningbo Mukang beneficially owns 12,945,420 Domestic Shares and 20 H Shares of our Company. Ningbo Kefeng beneficially owns 12,998,160 H Shares of our Company. Ningbo Dixiang is the executive partner of each of Ningbo Mukang and Ningbo Kefeng and is owned as to 98% by Mr. Lv.

As such, under the SFO, each of Ningbo Dixiang and Mr. Lv is deemed to be interested in the equity interests held by Ningbo Mukang and Ningbo Kefeng.

(5) Mr. Lv beneficially owns 19,627,920 Domestic Shares and 220,000 H Shares of the Company.

(6) AUT-VII HK Holdings Limited beneficially owns 10,875,000 Unlisted Foreign Shares of the Company and is a limited company incorporated in Hong Kong and is owned as to 100% by AUT-VII HOLDINGS LIMITED. AUT-VII HK Holdings Limited is an investment vehicle ultimately managed by Hillhouse Capital.

As such, under the SFO, each of AUT-VII HOLDINGS LIMITED and Hillhouse Capital is deemed to be interested in the equity interests held by AUT-VII HK Holdings Limited.

(7) Zhuhai Yuheng Equity Investment L.P. (Limited Partnership) is controlled by Shenzhen Gao Ling Tiancheng III Investment Co., Ltd.

(8) Hainan Hualing is one of our ESOP Platforms, a limited partnership established in the PRC, and beneficially owned 16,363,620 Domestic Shares and 16,363,620 H Shares of our Company.

Hainan Huahui is a limited partnership with Hainan Yize as its sole general partner, and beneficially owns 14,716,059 H Shares of the Company.

Hainan Yize is the executive partner of each of Hainan Hualing and Hainan Huahui and is owned as to 99% by Mr. PAN Fei.

As such, under the SFO, each of Hainan Yize and Mr. PAN Fei is deemed to be interested in the equity interests held by Hainan Hualing and Hainan Huahui.

(9) Trinity Elite I International Limited is deemed to be interested in 30,091,400 H Shares of the Company. Trident Trust Company (HK) Limited is the trustee of Trinity Elite I International Limited.

As such, under the SFO, Trident Trust Company (HK) Limited is deemed to be interested in the equity interests held by Trinity Elite I International Limited.

Save as disclosed above, as at 31 December 2024, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) or entities who had an interest or short position in the shares or underlying shares of the Company as recorded 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 disclosed in this annual report, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders provided a deed of non-competition (the "Non-Competition Undertaking") in favour of the Company, pursuant to which our Controlling Shareholders undertook not to, and to procure their respective close associate(s) (as appropriate) (other than our Group) not to, either directly or indirectly, compete with our business, which includes innovative products for the treatment of structural heart diseases ("Restricted Activities") and granted our Group the option for new business opportunities. Our Controlling Shareholders have further irrevocably undertaken in the Non-Competition Undertaking that, during the term of the Non-Competition Undertaking, they will not, and will also procure their respective close associate(s) (as appropriate) (other than our Group) not to, alone or with a third party, in any form, directly or indirectly, engage in, participate in, support to engage in or participate in any business that competes, or is likely to compete, directly or indirectly, with the Restricted Activities. Details of the Non-Competition Undertaking are set out in the section headed "Relationship with our Controlling Shareholders – Non-competition Undertaking" in the Prospectus.

During the Reporting Period, no written notice of any New Business Opportunity (as defined in the Non-Competition Undertaking) had been received by the Company. Our Controlling Shareholders confirmed that they have complied with the Non-Competition Undertaking for the Reporting Period (the "Confirmation"). The independent non-executive Directors have reviewed the Confirmation as part of the annual review process. In view of the above, the independent non-executive Directors have confirmed that, as far as they can ascertain, there is no breach of any non-competition undertakings under the Non-Competition Undertaking given by the Controlling Shareholders.

RETIREMENT BENEFITS SCHEME

The Group's employees in the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions. The employees in the PRC are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the state-managed retirement benefits scheme.

CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to certain continuing connected transactions between us and the following connected persons under Chapter 14A of the Listing Rules.

Connected Person	Business Nature	Connected Relationship
Ningbo Trandomed 3D Medical Technology Co., Ltd. (寧波創導三維醫療科技有限公司) ("TrandoMed")	Developing, manufacturing and sales of 3-dimensional printed silicone medical simulators	TrandoMed is a wholly-owned subsidiary of Ningbo Linfeng and is therefore a connected person of our Company under Rule 14A.12(c) of the Listing Rules.
Ningbo Shidi Medical Technology Co., Ltd. (寧波仕地醫療科技有限公司) ("Ningbo Shidi")	Sterilization services for medical devices	Ningbo Shidi is a wholly-owned subsidiary of Ningbo Linfeng and is therefore a connected person of our Company under Rule 14A.12(c) of the Listing Rules.
Ningbo Linfeng Biotechnology Co., Ltd. (寧波麟灃生物科技有限公司) ("Ningbo Linfeng")	Investment holding	Ningbo Linfeng is a non-wholly owned subsidiary of Shanghai Shidi, which is in turn wholly-owned by Ms. Li, one of our Controlling Shareholders. Ningbo Linfeng is therefore a connected person of our Company under Rule 14A.12(c) of the Listing Rules.
Ningbo Linstant Polymer Materials Co., Ltd. (寧波琳盛高分子材料有限公司) ("Linstant")	Manufacturing of polymer accessories for medical devices	Linstant is a non-wholly owned subsidiary of Ningbo Linfeng and is therefore a connected person of our Company under Rule 14A.12(c) of the Listing Rules.
Hainan Yize Medical Technology Co., Limited (海南一則醫療科技有限公司) ("Hainan Yize")	Serves as general partners to Hainan Hualing Investment L.P. (Limited Partnership) and Hainan Huahui Investment L.P. (Limited Partnership), an employee share ownership plan (ESOP) platform of the Company	Hainan Yize is owned as to 99% by Mr. Pan Fei, our executive Director.

During the Reporting Period, details of the Group's continuing connected transactions subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement are set out as follows:

Continuing connected transaction	Date	Connected person	Description and purpose of the transaction	Annual cap for the year ended 31 December 2024 (RMB)	Actual transaction value for the year ended 31 December 2024 (RMB)
3D Printing Services Agreement	16 September 2022	TrandoMed	Purchases of 3D printed silicone medical simulators	860,000	75,000
Sterilization Services Agreement	16 September 2022	Ningbo Shidi	Sterilization services for medical devices	1,050,000	313,000
Master Lease Agreement	16 September 2022	Ningbo Linfeng	Leases of properties	2,798,000	1,516,000
Medical Devices Accessories Purchase Agreement	16 September 2022	Linstant	Provision of certain polymer accessories such as sheaths to the Company	7,038,000	1,978,000
Loan Agreement	9 August 2024	Hainan Yize	Repurchase of interests from exiting participants of the Employee Incentive Plans	12,105,500	6,290,000

The detailed terms of the non-exempt continuing connected transactions mentioned above are as follows:

3D Printing Services Agreement

Our Company entered into a 3-dimensional printing services agreement dated 16 September 2022 with TrandoMed (the "3D Printing Services Agreement"), pursuant to which we may engage TrandoMed for its 3-dimensional printing services. TrandoMed specializes in developing, manufacturing and sales of 3-dimensional printed silicone medical simulators. Such silicone medical simulators are required as we will make use of such simulators for the research and development activities and clinical trials of our Group.

Our Company and TrandoMed will enter into separate individual agreements or work orders which will set out the specific terms and conditions according to the principles in the 3D Printing Services Agreement. The 3D Printing Services Agreement is effective from the Listing Date until 31 December 2024 and may be renewed conditional on the fulfillment of the relevant requirements under the relevant laws, regulations and the Listing Rules.

For the years ended 31 December 2022, 2023 and 2024, the maximum aggregate transaction amounts payable to TrandoMed under the 3D Printing Services Agreement shall not exceed RMB710,000, RMB860,000 and RMB860,000, respectively.

The service fees will be charged at rates no less favorable to our Company than rates at which our Company pays independent third parties and other connected persons for comparable transactions, and will be determined by our Company and TrandoMed through arm's length negotiation with reference to a number of factors applicable to all service providers, including but not limited to the nature, complexity, and value of tasks completed by TrandoMed under each work order, the applicable technology, the market rates, quantity and sourcing of materials, the time and method of delivery and delivery costs, the fees charged for historical transactions of similar nature and the then prevailing market rates by obtaining and comparing against fee quotes provided by other third-party companies.

The transaction above is entered into in the ordinary and usual course of business of our Company, on normal commercial terms where each of the applicable percentage ratios in respect of such transaction will, as our Company currently expects, be less than 5% on an annual basis and the total consideration is less than HK$3 million, the transactions under the 3D Printing Services Agreement would, upon the Listing, be exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

Sterilization Services Agreement

Our Company entered into a sterilization services agreement dated 16 September 2022 with Ningbo Shidi (the "Sterilization Services Agreement"), pursuant to which we may engage Ningbo Shidi for its sterilization services. Ningbo Shidi provides sterilization services for medical devices and our Group requires such services for the sterilization of our medical devices.

Our Company and Ningbo Shidi will enter into separate individual agreements or work orders which will set out the specific terms and conditions according to the principles in the Sterilization Services Agreement. The Sterilization Services Agreement is effective from the Listing Date until 31 December 2024 and may be renewed conditional on the fulfillment of the relevant requirements under the relevant laws, regulations and the Listing Rules.

For the years ended 31 December 2022, 2023 and 2024, the maximum aggregate transaction amounts payable to Ningbo Shidi under the Sterilization Services Agreement shall not exceed RMB950,000, RMB1,010,000 and RMB1,050,000, respectively.

The service fees will be charged at rates no less favorable to our Company than rates at which our Company pays independent third parties and other connected persons for comparable transactions, and will be determined by our Company and Ningbo Shidi through arm's length negotiation based on factors applicable to all service providers, including but not limited to the nature, complexity, and value of tasks completed by Ningbo Shidi under each work order, the market rates, the fees charged for historical transactions of similar nature and the then prevailing market rates by obtaining and comparing against fee quotes provided by other third-party companies.

The transaction above is entered into in the ordinary and usual course of business of our Company, on normal commercial terms where each of the applicable percentage ratios in respect of such transaction will, as our Company currently expects, be less than 5% on an annual basis and the total consideration is less than HK$3 million, the transactions under the Sterilization Services Agreement would, upon the Listing, be exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

Master Lease Agreement

Our Company entered into a master lease agreement dated 16 September 2022 with Ningbo Linfeng (for and on behalf of itself and its subsidiaries) (the "Master Lease Agreement"), pursuant to which we may lease from Ningbo Linfeng properties in the Linfeng Medical Technology Campus (麟灃醫療科技產業園) located at No. 777, Binhai 4th Road, Hangzhou Bay New District, Ningbo (the "Campus") for use as plants and staff quarters.

The Master Lease Agreement has an initial term commencing from the Listing Date till 31 December 2024 and may be renewed upon prior written notice by our Company. Our Company will comply with the applicable Listing Rules in the event of such renewal. Our Group and Ningbo Linfeng and/or its subsidiaries (the "Ningbo Linfeng Group") will enter into separate lease agreements which will set out the specific terms and conditions according to the principles in the Master Lease Agreement.

The Master Lease Agreement was entered into (i) in the ordinary and usual course of business of our Company; (ii) on arm's length basis; and (iii) on normal commercial terms with the rent being determined by our Company and Ningbo Linfeng with reference to, among other, the prevailing market rates of similar properties located in the vicinity and the term of the lease.

The Master Lease Agreement is on normal commercial terms. The rental was determined by our Company and Ningbo Linfeng through arm's length negotiation based on a number of factors, including but not limited to prevailing market rent of similar property located in the vicinity and the term of the lease.

According to IFRS 16 Leases which was adopted by our Group effective from 1 January 2019, short-term lease payments under the Master Lease Agreement are recognized as expenses incurred by our Group. Our Company will set the annual caps for the short-term lease payments. For the years ended 31 December 2022, 2023 and 2024, the maximum aggregate annual amount of rentals and other charges under the Master Lease Agreement shall not exceed RMB2.10 million, RMB2.52 million and RMB2.80 million, respectively. For details, please refer to the Prospectus and the announcement of the Company dated 28 March 2023. As each of the applicable percentage ratios in respect of such transaction will, as our Company currently expects, be less than 5% on an annual basis and the total consideration is less than HK$3 million, the transactions under the Master Lease Agreement would, upon the Listing, be exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

Medical Devices Accessories Purchase Agreement

Our Company entered into a medical devices accessories purchase agreement dated 16 September 2022 with Linstant (the"Medical Devices Accessories Purchase Agreement"), pursuant to which we may purchase from Linstant certain polymer accessories such as sheaths. Linstant is principally engaged in the manufacturing of polymer accessories for medical devices.

The Medical Devices Accessories Purchase Agreement has an initial term commencing from the Listing Date until 31 December 2024 and may be renewed upon prior written notice by our Company. Our Company will comply with the applicable Listing Rules in the event of such renewal. Our Company and Linstant will enter into separate individual agreements or work orders which will set out the specific terms and conditions according to the principles in the Medical Devices Accessories Purchase Agreement.

In order to ensure that the terms of transactions under the Medical Devices Accessories Purchase Agreement are fair and reasonable and in line with market practices, and that the terms of transactions will be no less favorable to our Company than the terms of transactions between our Company and Independent Third Parties, we have adopted the following measures:

(i) to have regular contact with the suppliers of our Group (including Linstant) to keep abreast of market developments and the price trend of products; and

(ii) to assess, review and compare the quotations or proposals taking into account various factors including quality, payment, flexibility and after-sales services to ensure that the proposed transactions will be consistent with the general interest of our Group and our Shareholders as a whole.

For the years ended 31 December 2022, 2023 and 2024, the maximum aggregate transaction amounts payable to Linstant under the Medical Devices Accessories Purchase Agreement shall not exceed RMB5.12 million, RMB6.576 million and RMB7.038 million, respectively.

The fees will be charged at rates no less favorable to our Company than rates at which our Company pays independent third parties for comparable transactions. The above annual caps for purchase amount are determined by our Company and Linstant through arm's length negotiation with reference to a number of factors applicable to all suppliers, including but not limited to (i) the estimated increase in demand for polymers accessories, mainly for the clinical trials of JensClip, LuX-Valve Plus, KenFlex, MicroFlux and AlginSys; (ii) the market price of the products; (iii) quantity and method of procurement; (iv) specifications of the products; (v) the fees charged for historical transactions with Linstant and transactions of similar nature; and (vi) the then prevailing market rates based on unit price for different polymer accessories.

The transaction above is entered into in the ordinary and usual course of business of our Company, on normal commercial terms where each of the applicable percentage ratios in respect of such transaction will, as our Company currently expects, be less than 5% on an annual basis but the total consideration is more than HK$3 million, the transactions under the Medical Devices Accessories Purchase Agreement would, upon the Listing, be subject to the reporting, announcement and annual review but would be exempt from the independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

Loan Agreement for Repurchase of Interests in ESOP Platforms

Our Company entered into a loan agreement dated 9 August 2024 (with effect from the date when the Company first advances any loan amount) with Hainan Yize (the "Loan Agreement"), pursuant to which the Company may advance interest-bearing loans to Hainan Yize in order to facilitate the repurchase of interests in certain of the Company's ESOP platforms from exiting participants for a period of up to three years from the Loan Agreement's effective date. The Loan Agreement became effective and was first advanced to Hainan Yize on 13 August 2024. Please refer to the Company's announcement dated 9 August 2024 and 3 September 2024 for further details regarding the Loan Agreement.

The maximum principal amount of the revolving loan will not exceed RMB11,000,000 during the term of the loan and the maximum outstanding balance (including principal amount and accrued interested) owed by Hainan Yize shall not exceed RMB12,105,500.

Confirmation from Independent Non-Executive Directors

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

Confirmation of the external auditor

The Company's external 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 Company's external 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 external auditor of the Company has informed the Board and confirmed nothing has come to their attention that cause them to believe that the continuing connected transactions:

i. have not been approved by the Board;

ii. were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

iii. have exceeded the annual cap as set by the Company.

In respect of the above mentioned non-exempt continuing connected transactions, the Directors also confirmed that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

Save as disclosed above and disclosed as fully exempt and partially exempt continuing connected transactions in the Prospectus, (i) none of the related party transactions constituted a connected transaction or continuing connected transaction; and (ii) there was no connected transaction nor continuing connected transaction of the Group which has to be disclosed in accordance with the Chapter 14A of the Listing Rules during the Reporting Period. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules (if applicable) in respect of the aforementioned transactions. Details on exempt related party transactions for the Reporting Period are set out in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the PRC being the jurisdiction in which the Company was incorporated that would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

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

CONTINUING DISCLOSURE OBLIGATIONS UNDER RULES 13.20, 13.21 AND 13.22 OF THE LISTING RULES

The Company did not have any continuing obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules during the Reporting Period.

CORPORATE GOVERNANCE

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

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from strict compliance with the requirements of Rule 8.08(1) of the Listing Rules ("Waiver from Compliance with Public Float Requirement"). In accordance with the Waiver from Compliance with Public Float Requirement, the Company shall maintain the minimum percentage of public float of at least 17.32% of our issued share capital.

Pursuant to information available for public and as far as Directors are aware, during the Reporting Period and as of the date of this annual report, the Company has maintained the public float in accordance with the Listing Rules and the Waiver from Compliance with Public Float Requirement.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2024 are set out in note 1 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors during the Reporting Period.

EQUITY-LINKED AGREEMENTS

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into by the Company during the year or subsisted at the end of the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury shares). The Company does not have any treasury shares as defined under Listing Rules as at 31 December 2024.

EMPLOYEE INCENTIVE PLANS

The Employee Incentive Plans do not constitute a share scheme under Chapter 17 of the Listing Rules and during the Reporting Period, were carried out through the Employee Incentive Platforms, which did not involve the Company directly issuing new Shares of the Company or granting existing Shares to the Participants. The participants of the Employee Incentive Plans (the "Participants") become direct/indirect limited partners of the Employee Incentive Platforms upon registration of their interests. In effect, the Participants do not have any voting rights in the Company, but they are beneficially interested in the Shares through their released partnership interests in the Employee Incentive Platforms, and the voting power of the Shares held by the Employee Incentive Platforms were exercisable by the respective general partners of the Employee Incentive Platforms, namely, Hainan Yize Medical Technology Co., Ltd. (海南一則醫療科技有限公司) and Ningbo Dixiang Venture Capital Co., Ltd. (寧波迪翔創業投資有限公司), which are owned as to 99% and 98% respectively by Mr. PAN Fei and Mr. Lv.

As of 31 December 2024, all of the restricted partnership interests in the Employee Incentive Platforms have been granted to certain eligible participants of the Company under the Employee Incentive Plans.

THE H SHARE SCHEME

The H Share Scheme was adopted by the Company by way of special resolution at the extraordinary general meeting of the Company on 15 December 2023 and was subsequently amended by the ordinary resolution of the Company on 19 September 2024. The H Share Scheme involves no issue of new shares or granting of options for any new securities of the Company. Thus, it does not constitute a share scheme involving issue of new shares as defined and regulated under Chapter 17 of the Listing Rules. The H Share Scheme constitutes a share scheme funded by existing shares under Chapter 17 of the Listing Rules and shall therefore be subject to the applicable requirements under Rule 17.12 of the Listing Rules. Any grant of an award under the H Share Scheme to any connected person of the Company will be subject to compliance with Chapter 14A of the Listing Rules unless otherwise exempted under the Listing Rules.

Pursuant to the requirements under Rule 17.12 of the Listing Rules, the paragraphs below set out certain details of the H Share Scheme:

(a) Purposes of the H Share Scheme

The purposes of the H Share Scheme are:

(i) to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;

(ii) to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and

(iii) to (a) recognize the contributions of the leadership of the Company including the Directors; (b) encourage, motivate and retain the leadership of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (c) provide additional incentive for the leadership of the Company and long standing employee by aligning their interests to those of the Shareholders and the Group as a whole.

(b) Duration and remaining life of the H Share Scheme

Subject to any early termination of the H Share Scheme pursuant to the H Share Scheme Rules, the H Share Scheme shall be valid and effective for five years commencing from 15 December 2023, being the date on which the H Share Scheme was approved by the Shareholders at the extraordinary general meeting of the Company on 15 December 2023 (after which no further Awards under the H Share Scheme shall be granted), and thereafter for so long as there are any non-vested Award Shares granted under the H Share Scheme prior to the expiration of the H Share Scheme, in order to give effect to the vesting of such Award Shares or otherwise as may be required in accordance with the rules governing the operation of the H Share Scheme (the "H Share Scheme Rules"). The remaining life of the H Share Scheme is around 3 years and 8 months.

(c) Source of Award Shares and Acquisition of H Shares

The source of the Award Shares under the H Share Scheme shall be H Shares to be acquired by the trustee appointed by the Company through on-market transactions at the prevailing market price in accordance with the instructions of the Company and the relevant provisions of the H Share Scheme Rules. The Board may specify in the instructions given with respect to the acquisition of H Shares any conditions or terms, including without limitation, the specified price or range of prices for the acquisition, the maximum amount of funds to be used for the acquisition, and/or the maximum number of H Shares to be acquired.

The Company shall as soon as reasonably practicable, for the purposes of satisfying the grant of Awards, transfer the necessary funds and give instructions to acquire H Shares through on-market transactions at the prevailing market price, and as soon as reasonably practicable thereafter the acquisition of such number of H Shares as instructed by the Company on-market at the prevailing market price shall proceed.

The Company shall give instructions whether or not to apply any Award Shares that failed to be vested and/or are lapsed ("Returned Shares") to satisfy any grant of Awards made, and if the Returned Shares, as specified by the Company, are not sufficient to satisfy the Awards granted, the Company shall, as soon as reasonably practicable, for purposes of satisfying the Awards granted, transfer the necessary funds and give instructions to acquire further H Shares through on-market transactions at the prevailing market price.

(d) H Share Scheme Limit

Subject to the H Share Scheme Rules, the H Share Scheme Limit shall be the maximum number of H Shares that will be acquired through on-market transactions from time to time at the prevailing market price, and in any case not more than 31,030,620 H Shares.

The maximum number of H Shares that can be purchased for the purpose of the H Share Scheme constitute 10% of the total number of issued H Shares and approximately 7.44% of the Company's total number of issued Shares (excluding treasury shares, if any) as of the date of this annual report. The ultimate number of H Shares underlying the H Share Scheme will depend on the actual implementation of the acquisition of H Shares but in any case being not more than 31,030,620 H Shares (the "H Share Scheme Limit"). The total number of Awards granted to each selected participant under the H Share Scheme ("Selected Participant(s)") shall not exceed the H Share Scheme Limit.

The Company shall not make any further grant of Award which will result in the aggregate number of H Shares underlying all grants made pursuant to the H Share Scheme (excluding Award Shares that have been forfeited in accordance with the H Share Scheme) to exceed the H Share Scheme Limit without Shareholders' prior approval. The H Share Scheme Limit shall not be subject to any refreshment.

(e) Selected Participants of the H Share Scheme

Eligible participants who may participate in the H Share Scheme include any full-time PRC or non-PRC employee of any member of the Group, who is a Director, senior management, key operating team member or employee of the Group ("Eligible Participant(s)").

The Board and/or the Delegatee(s) may, from time to time, select any Eligible Participant to be a Selected Participant in accordance with the H Share Scheme Rules.

The Selected Participants are determined in accordance with the Company Law of the PRC, the Securities Law of the PRC and other applicable laws, regulations and regulatory documents and the relevant provisions of the Articles of Association, together with the Company's actual circumstances and matters including the present and expected contribution of the relevant Selected Participant to the Group.

No one should be considered as a Selected Participant of the H Share Scheme if he/she:

(a) has been publicly reprimanded or deemed as an inappropriate candidate for similar award schemes or share incentive plans of a listed company by any securities regulatory bodies with authority in the last 12 months;

(b) has been imposed with penalties or is banned from trading securities by securities regulatory bodies due to material non-compliance with laws or regulations in the last 12 months;

(c) is in breach of relevant national laws and regulations or the Articles of Association; or

(d) has caused losses to the Company during his/her term of service due to soliciting bribes, corruption and theft, disclosure of the operation and technology secrets of the Company, infringement of company interest through connected transactions and any acts which cause damage to the reputation and image of the Company, which can be proven with sufficient evidence by the Company.

The Selected Participant shall undertake that if any of the above provisions occur during the implementation of the H Share Scheme which would prevent him/her from being considered as a Selected Participant, he/she shall give up his/her rights to participate in the H Share Scheme and shall not be given any compensation.

(f) Grant of Awards

The Board and/or the Delegatee(s) may grant Awards to Selected Participants during the Award Period conditional upon fulfillment of terms and conditions of the Awards and performance targets as the Board and/or the Delegatee(s) determines from time to time. Each grant of an Award to any connected person of the Group shall be subject to the Listing Rules and any applicable laws and regulations.

No grant of any Award Shares to any Selected Participant may be made and no directions or recommendations shall be given with respect to a grant of an Award under certain circumstances including:

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

(ii) where 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 H Share Scheme;

(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;

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

(v) after the expiry of the Award Period or after the earlier termination of the H Share Scheme;

(vi) where any Director is in possession of unpublished inside information (as defined under Part XIVA of the SFO) in relation to the Company or where any Director reasonably believes there is inside information which must be disclosed pursuant to Rule 13.09(2)(a) of the Listing Rules and Part XIVA of the SFO or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations;

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

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

(g) Vesting of the Awards

The Board and/or the Delegatee(s) may determine the vesting criteria and conditions or periods for the Awards to be vested.

(A) Vesting Schedule

Subject to the vesting criteria and conditions set out in the H Share Scheme Rules, the vesting period for all Awards under the H Share Scheme shall be determined by the Board and/or the Delegatee(s). The specific commencement and duration of each vesting period (the "Vesting Period") and the actual vesting amount of the Award granted to a Selected Participant for the respective Vesting Periods shall be specified in the Award Letter approved by the Board and/or the Delegatee(s).

The Vesting Periods of the Awards granted under the H Share Scheme or the Awards to be satisfied by the application of any Returned Shares shall be determined by the Board and/or the Delegatee(s) in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the Award Period at the time of grant.

(B) Vesting Conditions

Vesting of the Awards granted under the H Share Scheme is subject to the conditions of the performance indicators of the Company and any other applicable vesting criteria and conditions as set out in the Award Letter.

The details of the performance indicators of the Company shall be determined by the Board and/or the Delegatee(s) from time to time with reference to the business performance and financial condition of the Company and the then market conditions and shall be set out in the Award Letter.

If the Selected Participant fails to fulfill the vesting criteria and conditions applicable to the relevant Awards, all the Award Shares underlying the relevant Awards which may otherwise be vested during the respective Vesting Periods shall not be vested and become immediately lapsed or forfeited with respect to such Selected Participant.

(h) Transfer and Sale of Award Shares

For the purpose of vesting of the Award, the Board and/or the Delegatee(s) may either:

(a) direct and procure the Award Shares to be released 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

(b) to the extent that, at the determination of the Board and/or the Delegatee(s), it is not practicable for the Selected Participant to receive the Award in H Shares solely due to legal or regulatory restrictions with respect to the ability to give effect to any such transfer to the Selected Participant or the Selected Participant's ability to receive the Award in H Shares, the Board and/or the Delegatee(s) will direct and procure the sale, on-market at the prevailing market price, of the number of Award Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale based on the actual selling price of such Award Shares as set out in the vesting notice.

As of 31 December 2024, an aggregate of 30,091,800 H Shares representing approximately 7.21% of the total share capital of the Company (excluding treasury shares, if any) as at the end of the Reporting Period has been purchased for use as Award Shares for selected participants of the H Share Scheme at a total consideration of HK$144,828,000 (equivalent to RMB132,292,000).

Since the adoption of the H Share Scheme and up to the end of the Reporting Period, no awards had been granted, and as a result there was no unvested, cancelled or lapsed award as at the date on which the H Share Scheme was approved (the "Adoption Date") and up to the end of the Reporting Period. As no award was granted since the Adoption Date up to the end of the Reporting Period, therefore the fair value of awards granted during the Reporting Period is not applicable.

As at 1 January 2024 and 31 December 2024, the number of awards available for grant under the H Share Scheme was 13,159,063 and 31,030,620, respectively. There is no service provider sublimit under the H Share Scheme.

USE OF NET PROCEEDS FROM LISTING

On 10 October 2022, the Company was successfully listed on the Stock Exchange. The net proceeds received by the Group from the Global Offering (after deducting underwriting fees and relevant expenses) amounted to HK$206.4 million. The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus.

The table below sets out the planned applications of the net proceeds from the Global Offering and actual usage up to the date of 31 December 2024:

Business objective as stated in the Prospectus	Percentage of total net proceeds	Allocation of net proceeds (HK$ million)	Unutilized net proceeds as of December 31, 2023 (HK$ million)	Utilized net proceeds during the Reporting Period (HK$ million)	Unutilized net proceeds as of December 31, 2024 (HK$ million)	Expected timeline for full utilization of unutilized net proceeds
To fund the R&D, manufacturing and commercialization of LuX-Valve and Ken-Valve	65.0%	134.1	125.7	6.0	119.7	December 31, 2026
To fund the R&D, clinical trials and product registration of other product candidates in our pipeline, including LuX-Valve Plus, KenFlex and mitral valve products	25.0%	51.6	32.9	7.6	25.3	December 31, 2026
Working capital and general corporate purposes	10.0%	20.7	10.4	0.5	9.9	December 31, 2025
Total	100%	206.4	169.0	14.1	154.9	

The expected timeline for fully utilizing the net proceeds from the Global Offering is based on the best estimation of future market conditions made by the Company and subject to changes in accordance with our actual business operation.

On 21 March 2025, the Company announced a proposed change in the use of the net proceeds from the Global Offering, such proposed change is subject to the approval of the Shareholders by way of an ordinary resolution at the upcoming annual general meeting, please refer to the Company's announcement dated 21 March 2025 and the circular to be published for further details regarding the proposed change.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, there is no material subsequent event undertaken by the Company or by the Group after the Reporting Period and up to the date of this annual report.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not hold any significant investments and we did not conduct any material acquisitions or disposals of subsidiaries, associates and joint ventures. Save as disclosed in the Prospectus, the Group does not have any specific plan on material investments or capital assets as of the date of this annual report.

Foreign exchange exposure

During the Reporting Period, we mainly operated in Mainland China and a majority of our transactions were settled in RMB, the functional currency of our Company. We are exposed to foreign currency risk mainly arising from exchange rate fluctuations of U.S. dollars against RMB. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

Material litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group as of 31 December 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, we do not have other plans for material investments and capital assets as at 31 December 2024 and up to the date of this annual report.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 December 2024, we had 211 (2023: 376 employees) employees in total. 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 and grounds for termination. 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 and opportunity to participate in employee incentive plans to our employees. We believe our benefits, working environment and development opportunities for our employees have contributed to good employee relations and employee retention.

Our Company has adopted Employee Incentive Plans on 30 October 2020 and 27 April 2021 (details of which are set forth in the section headed "Employee Incentive Plans" in this annual report, in the Company's circular dated 6 December 2022, and in our Prospectus).

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

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

Details of the emoluments of the Directors, Supervisors and five highest paid individuals during the Reporting Period are set out in notes 8 to 9 to the consolidated financial statements. No Directors have waived or agreed to waive any emoluments during the Reporting Period.

Except as disclosed above, no other payments have been made or are payable, for the Reporting Period, by the Group to or on behalf of any of the Directors or Supervisors.

REVIEW OF ANNUAL REPORT BY THE AUDIT COMMITTEE

The Board has established the Audit Committee which comprises three independent non-executive Directors, namely Ms. DU Jiliu, Dr. LIN Shoukang and Dr. MEI Lehe. Ms. DU Jiliu serves as the chairperson of the Audit Committee, who has the professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules. The primary duties of the Audit Committee are to provide an independent view of the Company's financial reporting process, internal control and risk management system, oversee the audit process and perform other duties and responsibilities as assigned by the Board.

The Audit Committee, together with the management and external auditor of the Company, has reviewed the annual results and the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the condensed consolidated financial statements of the Group for the year ended 31 December 2024) of the Group, and is of the view that the annual results of the Group is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

CHARITABLE DONATIONS

During the year ended 31 December 2024, the Group did not make any charitable or other donations.

AUDITOR

The financial statement has been audited by Ernst & Young. The Company has not changed its auditors in the year ended 31 December 2024 or any of the preceding three years.

Ernst & Young will retire at the AGM and, being eligible, will offer itself for re-appointment as auditor of the Company. A resolution for the re-appointment of Ernst & Young as auditor of the Company will be proposed at the AGM.

On behalf of the Board
Mr. PAN Fei
Executive Director and chief executive officer

Hong Kong, 21 March 2025

SUPERVISORS' REPORT

The Board of Supervisors, in compliance with the relevant requirements of the PRC Company Law and the Articles, has conducted its work in accordance with the fiduciary principle, and has taken up an active role to work seriously and with diligence to protect the interests of the Company and its Shareholders.

During the Reporting Period, the Board of Supervisors had cautiously reviewed the development plans of the Company and provided reasonable suggestions and opinions to the Board. It also strictly and effectively monitored and supervised the Company's management in making significant policies and decisions to ensure that they are in compliance with the relevant requirements of the PRC Company Law and the Articles of Association, and in the interests of its Shareholders.

The Board of Supervisors have reviewed and agreed to the report of the Directors and the audited consolidated financial statements. We are of the opinion that the Directors, the chief executive officer and other senior management of the Company are able to strictly observe their fiduciary duty, to act diligently, to exercise their authority faithfully in the best interests of the Company and to work in accordance with the Articles. The transactions between the Company and connected persons are in the interests of the Company and the Shareholders as a whole and under fair and reasonable terms.

As of the date of this annual report, none of the Directors, chief executive officer and senior management had been found to have abused their authority, damaged the interests of the Company or infringed upon the interests of its Shareholders and employees. None of them was found to be in breach of any laws and regulations or the Articles of Association.

The Board of Supervisors is satisfied with the achievement and cost-effectiveness of the Company in 2024 and has great confident in the future prospect of the Company.

On behalf of the Board of Supervisors
Ms. XU Jing
Chairperson of the Board of Supervisors
Hong Kong, 21 March 2025

INDEPENDENT AUDITOR'S REPORT

EY 安永

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

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

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

Independent auditor's report
To the shareholders of Jenscare Scientific Co., Ltd.
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Jenscare Scientific Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 97 to 151, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the 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"), 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 MATTERS

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

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

KEY AUDIT MATTERS *(cont'd)*

Key audit matter

Measurement of research and development costs

The Group incurred significant research and development ("R&D") costs of RMB142,637,000 as disclosed in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024, mainly consisting of staff costs, costs of materials and consumables, and service fees paid to contract research organisations, clinical site management operators and clinical trial centres (collectively referred to as the "Outsourced Service Providers").

We identified the measurement of R&D costs as a key audit matter due to the significant amount involved and the risk of not recording R&D costs incurred in the appropriate financial reporting periods.

The Group's disclosures about R&D costs are included in note 2.4 *MATERIAL ACCOUNTING POLICIES* and note 3 *SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES* to the financial statements.

How our audit addressed the key audit matter

Our procedures to assess the measurement of R&D costs included the following:

1. We obtained an understanding of and evaluated the key controls over the R&D process;

2. We inquired with management and R&D project managers about the progress of the major R&D projects;

3. We evaluated the accrual and allocation of R&D-related staff costs by checking the working time records maintained by the R&D project management department;

4. We evaluated the R&D-related costs of materials and consumables by inspecting, on a sampling basis, materials and consumables purchase orders, payment slips and other supporting documents;

5. For the service fees paid/payable to the Outsourced Service Providers, we, on a sampling basis, reviewed the key terms set out in the agreements with the Outsourced Service Providers, evaluated the completion status of the R&D projects with reference to the progress reported by the project managers based on inputs such as number of patient enrolments, time elapsed and milestones achieved, and inspected the supporting documents to evaluate whether the service fees were properly recorded in the appropriate financial reporting periods based on the respective contract terms, progress and/or the milestones achieved;

6. We obtained external confirmation from major Outsourced Service Provider, to check the amount of the R&D service fees incurred for the year ended 31 December 2024 and the amounts payable under Contract Research Organization ("CRO")/Site Management Organization ("SMO") agreements as of 31 December 2024; and

7. We tested the R&D expenses by comparing the subsequent milestone billings and payments with the accrued R&D expenses to evaluate whether the R&D expenses were recorded in the appropriate financial reporting periods.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 *(cont'd)*

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lai Chee Kong.

Ernst & Young
Certified Public Accountants
Hong Kong
21 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Other income and gains	5	**41,559**	43,828
Research and development expenses		**(142,637)**	(288,151)
Administrative expenses		**(68,183)**	(150,309)
Impairment losses on financial assets, net		**(6,662)**	(534)
Other expenses		**(9,617)**	(58)
Finance costs	7	**(289)**	(142)
Share of profit of an associate		**–**	18,952
Loss on disposal of an associate		**–**	(2,682)
LOSS BEFORE TAX	6	**(185,829)**	(379,096)
Income tax expenses	10	**–**	–
LOSS FOR THE YEAR		**(185,829)**	(379,096)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(2,043)**	8,082
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(2,043)**	8,082
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(187,872)**	(371,014)
Loss attributable to:			
Owners of the parent		**(177,510)**	(371,736)
Non-controlling interests		**(8,319)**	(7,360)
		(185,829)	(379,096)
Total comprehensive loss attributable to:			
Owners of the parent		**(179,553)**	(363,654)
Non-controlling interests		**(8,319)**	(7,360)
		(187,872)	(371,014)
LOSS per share ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
– For loss for the year (in RMB per share)		**(0.43)**	(0.89)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**165,820**	110,178
Other intangible assets	14	**4,010**	4,140
Right-of-use assets	15	**28,422**	28,371
Time deposits	19	**101,539**	–
Other non-current assets	16	**41,919**	29,490
Total non-current assets		**341,710**	172,179
CURRENT ASSETS			
Inventories	17	**35,653**	28,126
Prepayments, other receivables and other assets	18	**44,211**	32,523
Financial assets at fair value through profit or loss		**–**	166,438
Cash and cash equivalents	19	**605,991**	927,826
Total current assets		**685,855**	1,154,913
CURRENT LIABILITIES			
Trade payables	20	**12,097**	16,332
Other payables and accruals	21	**34,096**	40,431
Interest-bearing bank and other borrowings	23	**16,015**	–
Lease liabilities	15	**1,993**	1,918
Total current liabilities		**64,201**	58,681
NET CURRENT ASSETS		**621,654**	1,096,232
TOTAL ASSETS LESS CURRENT LIABILITIES		**963,364**	1,268,411
NON-CURRENT LIABILITIES			
Lease liabilities	15	**2,119**	1,411
Interest-bearing bank and other borrowings	23	**44,292**	40,746
Total non-current liabilities		**46,411**	42,157
Net assets		**916,953**	1,226,254
EQUITY			
Equity attributable to owners of the parent			
Share capital	24	**417,167**	417,167
Treasury shares	24	**(132,292)**	(5,038)
Reserves	25	**646,887**	820,744
		931,762	1,232,873
Non-controlling interests		**(14,809)**	(6,619)
Total equity		**916,953**	1,226,254

Mr. PAN Fei
Director

Mr. LV Shiwen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital (note 24) RMB'000	Treasury shares (note 25) RMB'000	Share premium* (note 25) RMB'000	Other reserve* (note 25) RMB'000	Share-based arrangement* (note 25) RMB'000	Exchange fluctuation reserve* (note 25) RMB'000	Accumulated losses* (note 25) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	417,167	–	1,214,770	–	667,239	8,285	(934,175)	1,373,286	(259)	1,373,027
Loss for the year	–	–	–	–	–	–	(371,736)	(371,736)	(7,360)	(379,096)
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	8,082	–	8,082	–	8,082
Total comprehensive loss for the year	–	–	–	–	–	8,082	(371,736)	(363,654)	(7,360)	(371,014)
Capital contribution from shareholders	–	–	22,891	–	–	–	–	22,891	–	22,891
Contribution by non-controlling shareholders	–	–	–	–	–	–	–	–	1,000	1,000
Share-based arrangement	–	–	–	–	205,388	–	–	205,388	–	205,388
Shares repurchased	–	(5,038)	–	–	–	–	–	(5,038)	–	(5,038)
Share of an associate's other reserve	–	–	–	5,361	–	–	–	5,361	–	5,361
Disposal of an associate	–	–	–	(5,361)	–	–	–	(5,361)	–	(5,361)
At 31 December 2023	417,167	(5,038)	1,237,661	–	872,627	16,367	(1,305,911)	1,232,873	(6,619)	1,226,254

	Attributable to owners of the parent								
	Share capital (note 24) RMB'000	Treasury shares (note 24) RMB'000	Share premium* (note 25) RMB'000	Share-based arrangement* (note 25) RMB'000	Exchange fluctuation reserve* (note 25) RMB'000	Accumulated losses* (note 25) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	417,167	(5,038)	1,237,661	872,627	16,367	(1,305,911)	1,232,873	(6,619)	1,226,254
Loss for the year	–	–	–	–	–	(177,510)	(177,510)	(8,319)	(185,829)
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	(2,043)	–	(2,043)	–	(2,043)
Total comprehensive loss for the year	–	–	–	–	(2,043)	(177,510)	(179,553)	(8,319)	(187,872)
Contribution by non-controlling shareholders	–	–	–	–	–	–	–	129	129
Share-based arrangement	–	–	–	5,696	–	–	5,696	–	5,696
Shares repurchased	–	(127,254)	–	–	–	–	(127,254)	–	(127,254)
At 31 December 2024	417,167	(132,292)	1,237,661	878,323	14,324	(1,483,421)	931,762	(14,809)	916,953

* These reserve accounts comprise the consolidated reserves of RMB646,887,000 (2023: RMB820,744,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(185,829)**	(379,096)
Adjustments for:			
Finance costs	7	**289**	142
Share of profit of an associate		**–**	(18,952)
Loss on disposal of an associate		**–**	2,682
Bank interest income	5	**(11,253)**	(19,326)
Gains on financial assets at fair value through profit or loss	5	**(10,841)**	(2,514)
Depreciation of property, plant and equipment	13	**9,198**	8,783
Amortisation of other intangible assets	14	**543**	488
Depreciation of right-of-use assets	15	**3,103**	2,789
Impairment of financial assets included in prepayments, other receivables and other assets	18	**6,662**	534
Write-down of inventories to net realisable value	17	**4,683**	–
Impairment of property, plant and equipment	13	**6,694**	–
Impairment of other intangible assets	14	**12**	–
Loss on disposal of items of property, plant and equipment	6	**86**	11
Foreign exchange differences, net	5	**(2,906)**	(3,169)
Share-based arrangement	27	**5,696**	205,388
Increase in inventories		**(12,210)**	(18,233)
Increase in prepayments, other receivables and other assets		**(30,543)**	(23,627)
(Decrease)/increase in trade payables		**(4,235)**	5,382
Decrease in other payables and accruals		**(6,335)**	(3,050)
Cash used in operations		**(227,186)**	(241,768)
Interest received		**9,634**	19,326
Net cash flows used in operating activities		**(217,552)**	(222,442)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(71,261)**	(78,196)
Additions to other intangible assets	14	**(425)**	(434)
Proceeds from disposal of items of property, plant and equipment		**–**	15
Purchase of financial assets at fair value through profit or loss		**(135,183)**	(969,481)
Disposal of financial assets at fair value through profit or loss		**298,406**	902,730
Investment income from disposal of financial assets at fair value through profit or loss		**14,056**	3,498
Proceeds on disposal of an associate		**–**	500,000
Placement of time deposits with maturities over three months		**(100,000)**	–
Net cash flows from investing activities		**5,593**	358,132

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**15,205**	40,746
Loans from non-controlling shareholders		**3,200**	–
Loans from related parties		**1,030**	–
Contribution by shareholders		**–**	22,891
Contribution by non-controlling shareholders		**129**	1,000
Principal portion of lease payments	15	**(2,891)**	(3,015)
Interest paid on lease liabilities	15	**(163)**	(142)
Repurchase of shares	24	**(127,254)**	(5,038)
Net cash flows (used in)/from financing activities		**(110,744)**	56,442
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(322,703)**	192,132
Cash and cash equivalents at beginning of year		**927,826**	727,364
Effect of foreign exchange rate changes, net		**868**	8,330
CASH AND CASH EQUIVALENTS AT END OF YEAR		**605,991**	927,826

1. CORPORATE AND GROUP INFORMATION

Jenscare Scientific Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") on 8 November 2011 as a limited liability company. On 23 March 2021, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The registered office of the Company is located at No.777 Binhai Forth Road, Hangzhou Bay New District, Ningbo, Zhejiang, the PRC.

The Company was listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 October 2022.

During the year, the Company and its subsidiaries (the "Group") were mainly engaged in the research and development of interventional products for the treatment of structural heart diseases and other related medical products.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Ningbo Diochange Medical Technology Co., Ltd. ("Diochange") (寧波迪創醫療科技有限公司)	PRC/Mainland China	Renminbi ("RMB") 30,000,000	100%	–	Research and development
Jenscare (Hainan) Venture Capital Co., Ltd. (健世(海南)創業投資有限公司)	PRC/Mainland China	RMB10,000,000	100%	–	Consulting and investment
Shanghai Xuanmai Medical Technology Co., Ltd. ("Shanghai Xuanmai") (上海炫脈醫療科技有限公司)	PRC/Mainland China	RMB10,000,000	55%	–	Research and development
Jenscare Scientific (Netherlands) B.V.	Netherlands	Euro ("EUR") 17,500,000	100%	–	Research and development
Jenscare International Co., Ltd.	Hong Kong	Hong Kong Dollar ("HKD") 109,830,000	100%	–	Research and development
Jenscare Scientific (Wuhan) Co., Ltd. (健世科技(武漢)有限責任公司)	PRC/Mainland China	RMB10,000,000	100%	–	Research and development
Jenscare Innovation Inc.	United States	United States Dollar ("USD") 300,000	100%	–	Research and development

* The English names of these companies represent the best effort made by the directors of the Company (the "Directors") to translate the Chinese names as these companies have not been registered with any official English names.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

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

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

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS *(cont'd)*

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

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

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

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS *(cont'd)*

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

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Fair value measurement *(cont'd)*

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Related parties

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

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Property, plant and equipment and depreciation *(cont'd)*

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

Plant and machinery	5 years
Motor vehicles	4 years
Office equipment	5 years
Leasehold improvements	5 years

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

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

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

Intangible assets (other than goodwill)

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

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years.

Research and development costs

All research and development costs are charged to profit or loss as incurred.

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

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Office premises and buildings	2 to 7 years
Leasehold land	50 years

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

(b) Lease liabilities

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Leases *(cont'd)*

Group as a lessee (cont'd)

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Investments and other financial assets *(cont'd)*

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

Impairment of financial assets

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

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Impairment of financial assets *(cont'd)*

General approach

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

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

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

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, accruals, interest-bearing bank and other borrowings and lease liabilities.

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at banks.

Income tax

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

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

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Income tax *(cont'd)*

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

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

Other income

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

Other income from compassionate use treatment is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the products.

Contract liabilities

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

Share-based payments

The Group operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 27 to the financial statements.

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

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Share-based payments *(cont'd)*

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

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

Where the terms of an equity-settled grant are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the grant are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled grant is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the grant is recognised immediately. This includes any grant where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new grant is substituted for the cancelled grant, and is designated as a replacement award on the date that it is granted, the cancelled and new grants are treated as if they were a modification of the original grant, as described in the previous paragraph.

Other employee benefits

Pension scheme

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

Borrowing costs

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

2.4 MATERIAL ACCOUNTING POLICIES *(cont'd)*

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the note 11 to the financial statements.

Foreign currencies

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

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

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

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development expenses

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 December 2024 was RMB1,143,818,000 (2023: RMB896,336,000). Further details are contained in note 10 and 22 to the financial statements.

Estimation uncertainty

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

Share-based payments

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

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

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating the fair value of share-based payment transactions are disclosed in note 27.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(cont'd)*

Estimation uncertainty *(cont'd)*

Impairment of non-financial assets

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

Impairment of other receivables

The Group has applied the general approach to provide for expected credit losses for other receivables and considered the default event, historical loss rate and adjusted for forward-looking macroeconomic data in calculating the expected credit loss rate, details of which are set out in note 18 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

Since nearly all of the Group's non-current assets were located in Mainland China during the reporting period, no further geographical information is presented.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2024 RMB'000	2023 RMB'000
Other income		
Government grants	**6,719**	17,177
Bank interest income	**11,253**	19,326
Others	**9,840**	1,642
Total other income	**27,812**	38,145
Gains		
Foreign exchange differences, net	**2,906**	3,169
Gain on financial assets at fair value through profit or loss	**10,841**	2,514
Total gains	**13,747**	5,683
Total other income and gains	**41,559**	43,828

6. LOSS BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Depreciation of items of property, plant and equipment	13	**9,198**	8,783
Depreciation of right of use assets	15	**3,103**	2,789
Amortisation of intangible assets	14	**543**	488
Research and development expenses		**142,637**	288,151
Government grants	5	**(6,719)**	(17,177)
Lease payments not included in the measurement of lease liabilities	15	**2,033**	1,661
Auditor's remuneration		**1,813**	2,300
Bank interest income	5	**(11,253)**	(19,326)
Fair value gains, net:			
Financial assets at fair value through profit or loss	5	**(10,841)**	(2,514)
Loss on disposal of items of property, plant and equipment		**86**	11
Loss on disposal of an associate		**–**	2,682
Staff cost (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**61,105**	65,967
Pension scheme contributions		**13,290**	16,254
Staff welfare expenses		**1,938**	2,564
Share-based arrangement		**(6,015)**	154,121
Total		**70,318**	238,906
Foreign exchange differences, net	5	**(2,906)**	(3,169)
Impairment of property, plant and equipment	13	**6,694**	–
Impairment of other intangible assets	14	**12**	–
Impairment of financial assets included in prepayments, other receivables and other assets	18	**6,662**	534
Write-down of inventories to net realisable value	17	**4,683**	–

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank and other loans	**1,507**	411
Interest on lease liabilities (note 15)	**163**	142
Total interest expense on financial liabilities not at fair value through profit or loss	**1,670**	553
Less: Interest capitalised	**1,381**	411
Total	**289**	142

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

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

	Group	
	2024 RMB'000	2023 RMB'000
Fees	**500**	500
Other emoluments:		
Salaries, allowances and benefits in kind	**4,634**	3,749
Performance related bonuses	**1,214**	2,316
Share-based arrangements	**11,711**	51,267
Pension scheme contributions	**326**	300
Total fees and other emoluments	**18,385**	58,132

In prior years, restricted shares were granted to Mr. LV Shiwen and Mr. PAN Fei in respect of their services to the Group, further details of which are set out in note 27 to the financial statements. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is set out in the above directors' and supervisors' remuneration disclosures.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION *(cont'd)*

(a) Independent non-executive directors

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

	2024 RMB'000	2023 RMB'000
Ms. DU Jiliu	**200**	200
Dr. LIN Shoukang	**150**	150
Dr. MEI Lehe	**150**	150
Total	**500**	500

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

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share compensation expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024						
Executive directors:						
Mr. LV Shiwen*	–	1,930	–	–	136	2,066
Mr. PAN Fei*	–	2,584	1,188	11,711	154	15,637
Subtotal	–	4,514	1,188	11,711	290	17,703
Non-executive director:						
Mr. TAN Ching	–	–	–	–	–	–
Mr. ZHENG Jiaqi	–	–	–	–	–	–
Ms. XIE Youpei	–	–	–	–	–	–
Mr. CHEN Xinxing	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Supervisors:						
Mr. TANG Hao	–	–	–	–	–	–
Ms. XU Jing	–	–	–	–	–	–
Mr. HU Bo	–	120	26	–	36	182
Subtotal	–	120	26	–	36	182
Total	–	4,634	1,214	11,711	326	17,885

8. DIRECTORS' AND SUPERVISORS' REMUNERATION *(cont'd)*

(b) Executive directors, a non-executive director and the supervisors *(cont'd)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share compensation expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2023						
Executive directors:						
Mr. LV Shiwen*	–	1,928	800	35,953	133	38,814
Mr. PAN Fei*	–	1,702	1,506	15,314	133	18,655
Subtotal	–	3,630	2,306	51,267	266	57,469
Non-executive director:						
Mr. TAN Ching	–	–	–	–	–	–
Mr. ZHENG Jiaqi	–	–	–	–	–	–
Ms. XIE Youpei	–	–	–	–	–	–
Mr. CHEN Xinxing	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Supervisors:						
Mr. TANG Hao	–	–	–	–	–	–
Ms. XU Jing	–	–	–	–	–	–
Mr. HU Bo	–	119	10	–	34	163
Subtotal	–	119	10	–	34	163
Total	–	3,749	2,316	51,267	300	57,632

* Mr. LV Shiwen resigned as the chief executive of the Company, and Mr. PAN Fei was appointed as the chief executive of the Company on 15 January 2025.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2023: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four (2023: three) highest paid employees, who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances, and benefits in kind	3,126	4,227
Performance related bonuses	3,312	355
Equity-settled share compensation expense	17,102	42,211
Pension scheme contributions	590	419
Total	24,130	47,212

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

	Number of employees	
	2024	2023
HKD4,000,001 to HKD5,000,000	3	–
HKD12,000,001 to HKD13,000,000	1	–
HKD13,000,001 to HKD14,000,000	–	2
HKD24,000,001 to HKD25,000,000	–	1
Total	4	3

In prior years, restricted shares were granted to three non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 27 to the financial statements. The fair value of such restricted shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

The Group's principal applicable tax and tax rate are as follows:

(a) Pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law") and the respective regulations, the applicable tax rate of the Company and its subsidiaries in mainland China is 25%. No provision for Mainland China income tax was made as the Group's entities in the PRC had no estimated assessable profits during the year.

(b) No provision for Hong Kong income tax was made at a rate of 16.5% (2023: 16.5%) as the Group's entity in Hong Kong had no estimated assessable profits during the year.

(c) No provision for Netherlands income tax was made at a rate of 25.8% (2023: 25.8%) as the Group's entity in the Netherlands had no estimated assessable profits during the year.

(d) No provision for United States income tax was made at a rate of 29.8% as the Group's entity in the United States had no estimated assessable profits during the year.

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

	2024 RMB'000	2023 RMB'000
Loss before tax	**(185,829)**	(379,096)
Tax at the statutory tax rate (25%)	**(46,457)**	(94,774)
Effect of different tax rate of a subsidiary operating in other jurisdictions and tax concession	**306**	(153)
Gain on disposal of an associate	**–**	4,378
Additional deductible allowance for qualified research and development expenses	**(22,840)**	(36,355)
Expenses not deductible for tax	**4,058**	53,857
Deductible temporary difference and tax losses not recognised	**64,933**	73,121
Utilisation of deductible temporary differences previously not recognised	**–**	(74)
Tax charge at the Group's effective rate	**–**	–

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

	2024 RMB'000	2023 RMB'000
Unused tax losses	**1,143,818**	896,336
Deductible temporary differences	**12,112**	767
Total	**1,155,930**	897,103

The Group has tax losses of RMB1,143,818,000 as at 31 December 2024 (2023: RMB896,336,000). Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

11. DIVIDENDS

No dividend was paid or declared by the Company during the year.

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

The calculation of the basic loss per share amount is based on the loss attributable to owners of the parent, and the weighted average number of ordinary shares of 408,947,000 (2023: 417,166,000) in issue during the year.

Under the share-based payment schemes, certain share options were granted to eligible employees. Except for the shares without vesting condition and already vested, the vesting requirements of the remaining shares have not been satisfied. The effect of such shares held for share-based payment schemes has not been taken into account in the calculation of basic loss per share until the related employee incentive platforms were deconsolidated on 23 December 2022, as further detailed in note 27. Since 23 December 2022, such shares had been included in the calculation of basic loss per share by weighted average number.

The Group had potential dilutive shares throughout the year related to the shares held for the share compensation plan. Due to the Group's negative financial results during the year, shares held for the share compensation plan have an anti-dilutive effect on the Group's loss per share. Thus, diluted loss per share is equivalent to the basic loss per share.

Since December 2023, the Company started to purchase its shares on the Hong Kong Stock Exchange, as further detailed in note 24. Since then, the weighted average number of such shares considered as treasury shares has been included in the calculation of basic loss per share.

The calculations of basic and diluted loss per share are based on:

	2024 RMB'000	2023 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculations	**(177,510)**	(371,736)

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculations	**408,947,000**	417,166,000

13. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024:						
Cost	**35,917**	**564**	**5,362**	**13,797**	**80,861**	**136,501**
Accumulated depreciation	**(14,066)**	**(414)**	**(2,361)**	**(9,482)**	**–**	**(26,323)**
Net carrying amount	**21,851**	**150**	**3,001**	**4,315**	**80,861**	**110,178**
At 1 January 2024, net of accumulated depreciation	**21,851**	**150**	**3,001**	**4,315**	**80,861**	**110,178**
Additions	**3,674**	**–**	**281**	**81**	**67,584**	**71,620**
Depreciation provided during the year	**(6,524)**	**(105)**	**(937)**	**(1,632)**	**–**	**(9,198)**
Impairment	**(4,687)**	**–**	**(400)**	**(1,226)**	**(381)**	**(6,694)**
Transfer	**–**	**–**	**–**	**1,176**	**(1,176)**	**–**
Disposals	**(63)**	**–**	**(23)**	**–**	**–**	**(86)**
At 31 December 2024, net of accumulated depreciation and impairment	**14,251**	**45**	**1,922**	**2,714**	**146,888**	**165,820**
At 31 December 2024:						
Cost	**39,348**	**564**	**5,583**	**15,054**	**147,269**	**207,818**
Accumulated depreciation and impairment	**(25,097)**	**(519)**	**(3,661)**	**(12,340)**	**(381)**	**(41,998)**
Net carrying amount	**14,251**	**45**	**1,922**	**2,714**	**146,888**	**165,820**
31 December 2023						
At 1 January 2023:						
Cost	29,665	564	4,713	12,921	12,420	60,283
Accumulated depreciation	(8,069)	(310)	(1,465)	(7,758)	–	(17,602)
Net carrying amount	21,596	254	3,248	5,163	12,420	42,681
At 1 January 2023, net of accumulated depreciation	21,596	254	3,248	5,163	12,420	42,681
Additions	6,312	–	677	28	69,289	76,306
Depreciation provided during the year	(6,050)	(104)	(905)	(1,724)	–	(8,783)
Transfer	–	–	–	848	(848)	–
Disposals	(7)	–	(19)	–	–	(26)
At 31 December 2023, net of accumulated depreciation	21,851	150	3,001	4,315	80,861	110,178
At 31 December 2023:						
Cost	35,917	564	5,362	13,797	80,861	136,501
Accumulated depreciation	(14,066)	(414)	(2,361)	(9,482)	–	(26,323)
Net carrying amount	21,851	150	3,001	4,315	80,861	110,178

At 31 December 2024 and 2023, there were no pledged property, plant and equipment.

13. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

During the year ended 31 December 2024, the management and the Board of Directors of the Company decided to further optimize the Company's product pipeline, strategically concentrate its resources on key core products. The Company's directors reviewed the property, plant and equipment and concluded that a full impairment provision was required for certain asset of non key products. Consequently, an impairment loss of RMB6,694,000 on property, plant and equipment was recognised, determined based on their value in use.

14. OTHER INTANGIBLE ASSETS

	Software RMB'000
31 December 2024	
Cost at 1 January 2024:	
net of accumulated amortisation	**4,140**
Additions	**425**
Amortisation provided during the year	**(543)**
Impairment during the year	**(12)**
At 31 December 2024	**4,010**
At 31 December 2024:	
Cost	**5,559**
Accumulated amortisation and impairment	**(1,549)**
Net carrying amount	**4,010**
31 December 2023	
Cost at 1 January 2023:	
net of accumulated amortisation	4,194
Additions	434
Amortisation provided during the year	(488)
At 31 December 2023	4,140
At 31 December 2023:	
Cost	5,134
Accumulated amortisation	(994)
Net carrying amount	4,140

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, office premises and buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with a lease period of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premises and buildings generally have lease terms between 2 and 7 years. Other rental agreements generally have lease terms of 12 months or less and are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

15. LEASES *(cont'd)*

The Group as a lessee *(cont'd)*

(a) Right-of-use assets

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

	Leasehold land RMB'000	Office premises and buildings RMB'000	Total RMB'000
As at 1 January 2023	25,364	3,840	29,204
Additions	–	2,473	2,473
Depreciation charge	(515)	(2,789)	(3,304)
Exchange differences on translation of foreign operations	–	(2)	(2)
As at 31 December 2023 and 1 January 2024	24,849	3,522	28,371
Additions	**–**	**3,682**	**3,682**
Depreciation charge	**(515)**	**(3,103)**	**(3,618)**
Exchange differences on translation of foreign operations	**–**	**(13)**	**(13)**
As at 31 December 2024	**24,334**	**4,088**	**28,422**

As at December 31, 2024, leasehold land with a carrying amount of approximately RMB24,334,000 (2023: RMB24,849,000) was pledged to secure general banking loans of the Group (note 23).

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**3,329**	3,871
New leases	**3,682**	2,473
Accretion of interest recognised during the year	**163**	142
Payments	**(3,054)**	(3,157)
Exchange differences on translation of foreign operations	**(8)**	–
Carrying amount at 31 December	**4,112**	3,329
Analysed into:		
Current portion	**1,993**	1,918
Non-current portion	**2,119**	1,411

The maturity analysis of lease liabilities is disclosed in note 33 to the financial statements.

15. LEASES *(cont'd)*

The Group as a lessee *(cont'd)*

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**163**	142
Depreciation charge of right-of-use assets	**3,103**	2,789
Expense relating to short-term leases and leases of low-value assets	**2,033**	1,661
Total amount recognised in profit or loss	**5,299**	4,592

16. OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Advance payment for property, plant and equipment	**5,107**	4,952
Deductible input value-added tax	**36,812**	24,538
Total	**41,919**	29,490

17. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**29,119**	28,126
Work in progress	**1,049**	–
Finished good	**10,168**	–
Less: provision for inventories	**(4,683)**	–
Total	**35,653**	28,126

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Due from related parties (note 30)	**9,306**	–
Deposits and other receivables	**16,816**	9,851
Prepayment to suppliers	**25,250**	22,958
Others	**268**	481
	51,640	33,290
Impairment allowance	**(7,429)**	(767)
Total	**44,211**	32,523

In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data.

As at 31 December 2024, the Group estimated the expected credit losses for other receivables to be RMB7,429,000 (31 December 2023: RMB767,000).

The movements in provision for impairment of other receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**767**	233
Impairment losses, net (note 6)	**6,662**	534
At end of year	**7,429**	767

19. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**587,380**	914,669
Time deposits	**101,539**	–
Deposit for repurchase of shares	**18,611**	13,157
Subtotal	**707,530**	927,826
Less: Time deposits with maturity over three months	**101,539**	–
Cash and cash equivalents	**605,991**	927,826
Denominated in:		
RMB	**223,255**	658,165
USD	**304,176**	179,626
HKD	**73,682**	86,610
Canadian Dollar ("CAD")	**4,534**	–
EUR	**344**	3,425
	605,991	927,826

19. CASH AND CASH EQUIVALENTS *(cont'd)*

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

20. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period is as follows:

	2024 **RMB'000**	2023 RMB'000
Trade payables		
Within 1 year	**9,821**	16,303
Over 1 year	**2,276**	29
Total	**12,097**	16,332

Included in the trade payables were an amount due to related parties of RMB578,000 as at 31 December 2024 (2023: RMB2,711,000), which was repayable within 60 days, representing credit terms similar to those offered by the related party to its major customers.

21. OTHER PAYABLES AND ACCRUALS

	Notes	**2024** **RMB'000**	2023 RMB'000
Amount due to related parties (note 30)		**412**	607
Contract liabilities	(a)	**1,284**	–
Payroll and welfare payable		**12,678**	18,726
Government grants		**12,000**	11,880
Other payables	(b)	**7,722**	9,218
Total		**34,096**	40,431

(a) Contract liabilities were short-term advances received to deliver products. The increase in contract liabilities in 2024 was mainly due to the increase in short-term advances received from customers at the end of the year.

(b) Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals as at the end of the year approximated to their fair values due to their short-term maturities.

22. DEFERRED TAX

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

Deferred tax liabilities

	Right-of-use assets RMB'000
At 1 January 2024	**832**
Deferred tax charged to profit or loss during the year	**196**
Gross deferred tax liabilities at 31 December 2024	**1,028**
At 1 January 2023	968
Deferred tax charged to profit or loss during the year	(136)
Gross deferred tax liabilities at 31 December 2023	832

Deferred tax assets

	Lease liabilities RMB'000
At 1 January 2024	**832**
Deferred tax charged to profit or loss during the year	**196**
Gross deferred tax assets at 31 December 2024	**1,028**
At 1 January 2023	968
Deferred tax charged to profit or loss during the year	(136)
Gross deferred tax assets at 31 December 2023	832

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes.

Net deferred tax recognised in the consolidated statement of financial position

	2024 RMB'000	2023 RMB'000
Net deferred tax assets/liabilities in respect of continuing operations	**–**	–

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Current		
Due to controlling shareholders (note 30)	1,064	–
Due to non-controlling shareholders	3,292	–
Current portion of long-term bank loans – unsecured	11,659	–
Total – current	16,015	–
Non-current		
Bank loans – unsecured	28,530	24,984
Bank loans – secured*	15,762	15,762
Total – non-current	44,292	40,746
Total	60,307	40,746

The effective interest rates and maturities of the borrowings are as follows:

	2024 Effective interest rate (%)	2024 Maturity	2023 Effective interest rate (%)	2023 Maturity
Due to shareholders	3.40-3.90	2025	–	–
Bank loans-unsecured	2.40-2.65	2025-2026	2.75	2025-2026
Bank loans-secured*	2.45-2.65	2028	2.65-2.75	2028

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	11,659	–
In the second year	28,530	1,190
In the third to fifth years, inclusive	15,762	39,556
Subtotal	55,951	40,746
Other borrowings repayable:		
Within one year or on demand	4,356	–
Total	60,307	40,746

* The bank loans amounting to RMB15,762,000 were secured by the pledge of the Group's leasehold land with a carrying amount of RMB24,334,000 (2023: RMB24,849,000).

24. SHARE CAPITAL/TREASURY SHARES

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

	Share Capital Total RMB'000	Treasury Shares Total RMB'000
Issued and fully paid as at 1 January 2023	417,167	–
Shares repurchased (a)	–	(5,038)
As at 31 December 2023	417,167	(5,038)
Issued and fully paid as at 1 January 2024	**417,167**	**(5,038)**
Shares repurchased (a)	**–**	**(127,254)**
As at 31 December 2024	**417,167**	**(132,292)**

(a) In December 2023, the Company started to purchase its shares on the Hong Kong Stock Exchange at a total consideration of HKD5,449,000 (equivalent to approximately RMB5,038,000). During the year, the Company continued to purchase its shares on the Hong Kong Stock Exchange at a total consideration of HKD139,379,000 (equivalent to approximately RMB127,254,000). The purchased shares will be used as award shares for the selected participants of a share award scheme.

25. RESERVES

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

26. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that have material non-controlling interests are set out below:

	2024 RMB'000	2023 RMB'000
Percentage of equity interest held by non-controlling interests:		
Shanghai Xuanmai	**45%**	45%
Loss for the year allocated to non-controlling interests:		
Shanghai Xuanmai	**(8,319)**	(7,360)
Accumulated balances of non-controlling interests at the reporting date:		
Shanghai Xuanmai	**(14,809)**	(6,619)

26. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS *(cont'd)*

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2024 RMB'000	2023 RMB'000
Total expenses	**(17,842)**	(16,363)
Loss for the year	**(18,486)**	(16,354)
Total comprehensive loss for the year	**(18,486)**	(16,354)
Current assets	**537**	5,054
Non-current assets	**2,414**	6,867
Current liabilities	**(28,469)**	(19,260)
Non-current liabilities	**(421)**	(1,101)
Net cash flows used in operating activities	**(6,724)**	(15,256)
Net cash flows used in investing activities	**(899)**	(3,557)
Net cash flows from financing activities	**7,322**	16,625
Net decrease in cash and cash equivalents	**(301)**	(2,188)

27. SHARE-BASED PAYMENTS

The Group operates a share-based payment scheme (the Scheme) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and Group's employees. During the year ended 31 December 2023, the Group granted equity interests of the Company under the share-based payment scheme through the employee incentive platforms, Hainan Maidi Enterprise Management L.P. (Limited Partnership) ("Hainan Maidi") and Hainan Hualing Investment Management LLP ("Hainan Hualing").

The Company had power to govern the relevant activities of Hainan Maidi and Hainan Hualing and could derive benefits from the contributions of the eligible employees who are awarded with the shares under the share-based payment scheme. Therefore, Hainan Maidi and Hainan Hualing were consolidated until partner agreements were further revised on 23 December 2022, from which, these two entities have been deconsolidated as the control power ceased.

Pursuant to the general meeting of shareholders on 23 December 2022, an amendment was made to the share-based payment schemes under Hainan Maidi and Hainan Hualing, in which all the options granted previously were transferred into restricted shares.

As of 31 December 2023, the Company has received all the exercise price of the restricted shares.

27. SHARE-BASED PAYMENTS *(cont'd)*

The following restricted shares were outstanding under the share-based payment scheme during the year.

	Number of options/ restricted shares
At 1 January 2023	45,869,277
Granted during the year	4,183,555
Forfeited during the year	(1,358,555)
Vested during the year	(21,756,222)
At 31 December 2023	26,938,055
At 1 January 2024	**26,938,055**
Forfeited during the year	**(8,671,005)**
Vested during the year	**(8,682,704)**
At 31 December 2024	**9,584,346**

The fair values of the equity-settled share options granted during the year ended 31 December 2022 were estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used:

	31 December 2022
Expected volatility (%)	61.98%-64.47%
Risk-free interest rate (%)	1.11%-2.83%
Exercise multiple	2.2-2.8

The fair values of the restricted shares granted during the year ended 31 December 2023 were determined using the closing price of each share as stated in the daily quotation sheet issued by The Stock Exchange of Hong Kong Limited on the grant date.

The fair values of the restricted shares granted were RMB394,258,000, which were estimated as at the date of grant using the market quoted prices, of which the Group recognised an equity-settled share compensation expense of RMB5,696,000 during the year.

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2024, the Group had non-cash additions to right-of-use and lease liabilities of RMB3,682,000 (2023: RMB2,473,000), in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

2024

	Bank and other loans RMB'000	Lease liabilities RMB'000
At 1 January 2024	40,746	3,329
Changes from financing cash flow	19,435	(3,054)
New leases	–	3,682
Interest expense	126	163
Exchange differences on translation of foreign operations	–	(8)
At 31 December 2024	60,307	4,112

2023

	Bank and other loans RMB'000	Lease liabilities RMB'000
At 1 January 2023	–	3,871
Changes from financing cash flow	40,746	(3,157)
New leases	–	2,473
Interest expense	–	142
At 31 December 2023	40,746	3,329

(c) Total cash outflow for leases

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

	2024 RMB'000	2023 RMB'000
Within operating activities	2,033	1,661
Within financing activities	3,054	3,157
Total	5,087	4,818

29. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Property, plant and equipment	**44,045**	66,976

30. RELATED PARTY TRANSACTIONS

(a) Related parties for the years ended 31 December 2023 and 2024 were as follows:

Name	**Relationship with the Company**
Ms. LI Hui	Shareholder of the Company
Mr. LV Shiwen	Shareholder of the Company
Ningbo Linfeng Biotechnology Co., Ltd.	Controlled by Ms. LI Hui
Ningbo Linstant Polymer Materials Co., Ltd	Controlled by Ms. LI Hui
Ningbo Shouquanzhai Chinese Traditional Medicine Service Ltd.	Controlled by Ms. LI Hui
Ningbo Trandomed 3D Medical Technology Co., Ltd	Controlled by Ms. LI Hui
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd	Controlled by Ms. LI Hui
Ningbo Chinese Herbal Pieces Co., Ltd.	Controlled by Ms. LI Hui
Ningbo Shidi Medical Technology Co., Ltd	Controlled by Ms. LI Hui
Ningbo Muhe Catering Management Co., Ltd.	Controlled by Ms. LI Hui
Hainan Yize Medical Technology Co., Ltd	General partner of the Company's Employee Incentive Platforms

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

	Notes	2024 RMB'000	2023 RMB'000
Rental expense to:			
Ningbo Linfeng Biotechnology Co., Ltd.	(i)	**2,787**	3,370
Purchase of materials from:	(ii)		
Ningbo Linstant Polymer Materials Co., Ltd.		**1,978**	4,335
Ningbo Trandomed 3D Medical Technology Co., Ltd.		**75**	35
Ningbo Shouquanzhai Chinese Traditional Medicine Service Ltd.		**–**	15
		2,053	4,385
Purchase of services from:	(ii)		
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd.		**100**	90
Ningbo Chinese Herbal Pieces Co., Ltd.		**423**	272
Ningbo Shidi Medical Technology Co., Ltd.		**313**	231
Ningbo Muhe Catering Management Co., Ltd.		**596**	773
		1,432	1,366
Borrowing from a related party:			
Mr. LV Shiwen	(iii)	**1,064**	–
Loan to a related party:			
Hainan Yize Medical Technology Co., Ltd	(iv)	**6,290**	–

30. RELATED PARTY TRANSACTIONS *(cont'd)*

(b) The Group had the following transactions with related parties during the year: *(cont'd)*

Notes:

(i) Rental expense related to the leases of the offices and employee dormitories from the related party pursuant to the terms of the agreements signed between the Group and the related party.

(ii) The purchases from the related parties were made according to the prices and terms mutually agreed between the parties.

(iii) Borrowing from Mr. LV Shiwen was an unsecured one-year-term loan offered to the subsidiary Shanghai Xuanmai with carrying amount of RMB1,030,000 and accrued interest of RMB34,000.

(iv) Loan to Hainan Yize Medical Technology Co., Ltd. was an unsecured three-year-term revolving loan used for holding the repurchased interests with the Employee Incentive Plans with carrying amount of RMB6,210,000 and accrued interest of RMB80,000.

(c) Outstanding balances with related parties:

	Note	2024 RMB'000	2023 RMB'000
Prepayments, other receivables and other assets:			
Ningbo Linstant Polymer Materials Co., Ltd	(i)	**3,000**	–
Hainan Yize Medical Technology Co., Ltd	(ii)	**6,290**	–
Ningbo Shidi Medical Technology Co., Ltd	(i)	**16**	–
		9,306	–
Other payables and accruals:			
Ningbo Linfeng Biotechnology Co., Ltd.	(i)	**336**	501
Ningbo Muhe Catering Management Co., Ltd.	(i)	**34**	1
Ningbo Chinese Herbal Pieces Co., Ltd.	(i)	**42**	25
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd.	(i)	**–**	80
		412	607
Other borrowing:			
Mr. LV Shiwen	(iii)	**1,064**	–
Trade payables:			
Ningbo Shidi Medical Technology Co., Ltd.	(i)	**107**	147
Ningbo Linstant Polymer Materials Co., Ltd.	(i)	**471**	2,564
		578	2,711

Notes:

(i) The Group's balances due from and due to the related parties were trade in nature, unsecured, non-interest-bearing and repayable on demand.

(ii) The balance due from Hainan Yize Medical Technology Co., Ltd. was an unsecured three-year-term loan with an outstanding balance of RMB6,290,000 as at the end of the reporting period.

(iii) The balance due to Mr. LV Shiwen was unsecured loan expiring in 2025 with an outstanding balance of RMB1,064,000 as at the end of the reporting period

30. RELATED PARTY TRANSACTIONS *(cont'd)*

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

	2024 RMB'000	2023 RMB'000
Salaries, allowances, and benefits in kind	**7,122**	7,038
Performance related bonuses	**2,062**	2,815
Pension scheme contributions	**800**	836
Equity-settled share compensation expense	**(7,474)**	74,931
Total compensation paid to key management personnel	**2,510**	85,620

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

31. FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31 December 2024

Financial assets

	Financial assets at amortised cost RMB'000
Financial assets included in prepayments, other receivables and other assets	**18,961**
Time deposits	**101,539**
Cash and cash equivalents	**605,991**
Total	**726,491**

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	**12,097**
Financial liabilities included in other payables and accruals	**8,134**
Interest-bearing bank and other borrowings	**60,307**
Lease liabilities	**4,112**
Total	**84,650**

31. FINANCIAL INSTRUMENTS BY CATEGORY *(cont'd)*

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss		
	Mandatorily designated as such RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	166,438	–	166,438
Financial assets included in prepayments, other receivables and other assets	–	9,565	9,565
Cash and cash equivalents	–	927,826	927,826
Total	166,438	937,391	1,103,829

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	16,332
Financial liabilities included in other payables and accruals	8,261
Interest-bearing bank and other borrowings	40,746
Lease liabilities	3,329
Total	68,668

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments approximate to fair values.

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

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The Directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

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

The Group invests in wealth management products issued by portfolio companies and banks in Mainland China. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

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

The group did not have any financial assets at fair value as at 31 December 2024.

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit and loss	–	–	166,438	166,438

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(cont'd)*

The movements in fair value measurements within Level 3 during the year are as follows:

Financial assets at fair value through profit or loss	**2024 RMB'000**	2023 RMB'000
At beginning of year	**166,438**	97,746
Purchases	**135,183**	969,481
Disposals	**(312,462)**	(903,303)
Total gains recognised in other income and gains	**10,841**	2,514
At end of year	**–**	166,438

For financial assets in Level 3, the Group adopts the valuation technique to determine the fair value. The valuation technique is the Income Method. The fair value measurement of the financial instrument may involve one unobservable input, which is the expected rate of return. The Group periodically reviews this significant unobservable input and valuation adjustments used to measure the fair value of the financial asset in Level 3.

A summary of the significant unobservable input used in the fair value measurement categorised with Level 3 of the fair value hierarchy, together with a quantitative analysis as at 31 December 2024 is shown below:

	Valuation technique	**Significant unobservable inputs**	**Range (weighted average)**	**Sensitivity of the input to the fair value**
Financial assets at fair value through profit and loss (FVTPL)	Present Earning Value Method	Expected rate of return	31 December 2024: 2.61% (2023: 1.72%)	1% (2023: 1%) increase/(decrease) in the expected rate of return would result in an increase/(decrease) in fair value by Nil (2023: RMB118,562.46/RMB118,562.46)

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2023.

During the years, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, time deposits and financial assets at fair value through profit or loss. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. The Group has currency exposures mainly arising from cash at banks denominated in USD. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, management constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rate, with all other variables held constant, of the Group's profit before tax (due to retranslation of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
31 December 2024			
If RMB weakens against USD	**5**	**15,209**	**15,209**
If RMB strengthens against USD	**(5)**	**(15,209)**	**(15,209)**
31 December 2023			
If RMB weakens against USD	5	8,974	8,974
If RMB strengthens against USD	(5)	(8,974)	(8,974)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

Credit risk

The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

31 December 2024

	12-month ECLs	Lifetime ECLs		
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Financial assets included in prepayments, other receivables and other assets				
– Normal*	20,044	–	–	20,044
– Doubtful**	–	6,346	–	6,346
Time deposits	101,539	–	–	101,539
Cash and cash equivalents				
– Not yet past due	605,991	–	–	605,991
Total	727,574	6,346	–	733,920

31 December 2023

	12-month ECLs	Lifetime ECLs		
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Financial assets included in prepayments, other receivables and other assets				
– Normal*	9,565	–	–	9,565
– Doubtful**	–	767	–	767
Cash and cash equivalents				
– Not yet past due	927,826	–	–	927,826
Total	937,391	767	–	938,158

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

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

	As at 31 December 2024				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	**12,097**	**–**	**–**	**–**	**12,097**
Financial liabilities in other payables and accruals	**8,134**	**–**	**–**	**–**	**8,134**
Lease liabilities	**–**	**558**	**1,534**	**2,166**	**4,258**
Interest-bearing bank and other borrowings	**–**	**4,628**	**12,618**	**45,534**	**62,780**
Total	**20,231**	**5,186**	**14,152**	**47,700**	**87,269**

	As at 31 December 2023				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	16,332	–	–	–	16,332
Financial liabilities in other payables and accruals	8,261	–	–	–	8,261
Lease liabilities	–	831	1,154	1,474	3,459
Interest-bearing bank and other borrowings	–	228	891	43,141	44,260
Total	24,593	1,059	2,045	44,615	72,312

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

Capital management *(cont'd)*

The Group monitors capital using a gearing ratio, which is calculated by dividing total liabilities by total assets, was 10.8% as at 31 December 2024 (31 December 2023: approximately 7.6%). The gearing ratios as at the end of reporting period were as follows:

	2024 RMB'000	2023 RMB'000
Total liability	**110,612**	100,838
Total assets	**1,027,565**	1,327,092
Gearing ratio	**10.8%**	7.6%

34. EVENT AFTER THE REPORTING PERIOD

No significant events that require additional disclosure or adjustments occurred after the reporting period.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**165,821**	104,672
Other intangible assets	**4,010**	4,127
Right-of-use assets	**26,829**	25,906
Investments in subsidiaries	**339,946**	458,463
Time deposits	**101,539**	–
Other non-current assets	**35,510**	23,589
Total non-current assets	**673,655**	616,757
CURRENT ASSETS		
Inventories	**35,653**	23,092
Prepayments, other receivables and other assets	**240,197**	72,307
Cash and cash equivalents	**396,620**	858,356
Total current assets	**672,470**	953,755
CURRENT LIABILITIES		
Trade payables	**4,809**	11,355
Other payables and accruals	**25,155**	32,828
Interest-bearing bank and other borrowings	**11,659**	–
Lease liabilities	**1,146**	839
Total current liabilities	**42,769**	45,022
NET CURRENT ASSETS	**629,701**	908,733
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,303,356**	1,525,490
NON-CURRENT LIABILITIES		
Lease liabilities	**1,378**	–
Interest-bearing bank and other borrowings	**44,292**	40,746
Total non-current liabilities	**45,670**	40,746
Net assets	**1,257,686**	1,484,744
EQUITY		
Share capital	**417,167**	417,167
Reserves (note)	**840,519**	1,067,577
Total equity	**1,257,686**	1,484,744

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(cont'd)*

Note:

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

	Share premium RMB'000	Share-based arrangement RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2023	1,357,360	664,321	(859,526)	1,162,155
Total comprehensive loss for the year	–	–	(322,722)	(322,722)
Capital contribution from shareholders	22,891	–	–	22,891
Share-based arrangement	–	205,253	–	205,253
At 31 December 2023 and 1 January 2024	**1,380,251**	**869,574**	**(1,182,248)**	**1,067,577**
Total comprehensive loss for the year	**–**	**–**	**(230,811)**	**(230,811)**
Share-based arrangement	**–**	**3,753**	**–**	**3,753**
At 31 December 2024	**1,380,251**	**873,327**	**(1,413,059)**	**840,519**

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 March 2025.