上海瑛泰醫療器械股份有限公司
Shanghai INT Medical Instruments Co., Ltd.*

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

Stock Code : 1501

INNOVATION SERVES HEALTH,
HIGH-QUALITY ACHIEVES EXCELLENCE

*For identification purposes only

ANNUAL REPORT 2024

Shanghai INT Medical Instruments Co., Ltd.
Annual Report 2024

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Dr. Liang Dongke (梁棟科) *(Chairman)*
Mr. Lin Sen (林森)

NON-EXECUTIVE DIRECTORS
Mr. Zhang Weixin (張維鑫)
Ms. Chen Hongqin (陳紅琴)
Dr. Song Yuan (宋媛)
Mr. Wang Ruiqin (王瑞琴)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Jian Xigao (蹇錫高)
Mr. Hui Hung Kwan (許鴻群)
Mr. Xu Congli (徐從禮)

SUPERVISORS
Ms. Ma Huifang (馬慧芳) *(Chairperson)*
Ms. Chen Jie (陳潔)
Mr. Shen Xiaoru (沈曉如)

AUDIT COMMITTEE
Mr. Hui Hung Kwan (許鴻群) *(Chairman)*
Dr. Song Yuan (宋媛)
Mr. Xu Congli (徐從禮)

REMUNERATION COMMITTEE
Mr. Jian Xigao (蹇錫高) *(Chairman)*
Mr. Hui Hung Kwan (許鴻群)
Dr. Liang Dongke (梁棟科)

NOMINATION COMMITTEE
Dr. Liang Dongke (梁棟科) *(Chairman)*
Mr. Jian Xigao (蹇錫高)
Mr. Xu Congli (徐從禮)

JOINT COMPANY SECRETARIES
Dr. Song Yuan (宋媛)
Ms. Leung Shui Bing (梁瑞冰)

AUTHORIZED REPRESENTATIVES
Dr. Liang Dongke (梁棟科)
Ms. Leung Shui Bing (梁瑞冰)

AUDITORS
International auditor:
KPMG
(Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

Domestic auditor:
KPMG Huazhen LLP
Floor 25, Tower II, Plaza 66
1266 Nanjing West Road
Shanghai
PRC

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

As to PRC law:
DeHeng Shanghai Law Office
Floor 23, Sinar Mas Plaza
No. 501 East Da Ming Road
Shanghai
PRC

REGISTERED OFFICE IN THE PRC
Block 2, No. 925 Jin Yuan Yi Road
Jiading District
Shanghai
PRC

CORPORATE INFORMATION

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Block 2, No. 925 Jin Yuan Yi Road
Jiading District
Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

H SHARE REGISTRAR

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

PRINCIPAL BANKERS

China Construction Bank Corporation Shanghai Jiangqiao Branch
1/F, No. 138 Jiayi Road
Jiading District
Shanghai
PRC

Agricultural Bank of China Limited Shanghai Jiading Branch
2/F, No. 355 Tacheng Road
Jiading District
Shanghai
PRC

STOCK CODE

1501

COMPANY WEBSITE

www.int-medical.com

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present this annual report of the Group for the year ended 31 December 2024 for consideration by the Shareholders.

FINANCIAL REVIEW

The Group's revenue in the Reporting Period was approximately RMB851.95 million, representing an increase of approximately 13.17% or approximately RMB99.11 million as compared to approximately RMB752.84 million for the year ended 31 December 2023, due to the increase in market demand for the Group's products and the increase of number of the Group's new customers. The Group's revenue generated from sales of interventional medical devices in the Reporting Period was approximately RMB773.33 million, representing an increase of approximately 15.23% or approximately RMB102.23 million as compared to approximately RMB671.10 million for the year ended 31 December 2023. The Group's profit for the year in the Reporting Period was approximately RMB190.05 million, representing an increase of approximately 24.03% as compared to approximately RMB153.23 million for the year ended 31 December 2023. The basic and diluted earnings per share in the Reporting Period were RMB1.10 and RMB1.10, as compared to RMB0.92 and RMB0.92 for the year ended 31 December 2023.

OPERATION REVIEW

As at 31 December 2024, the Group was comprised of 19 wholly-owned or holding subsidiaries engaging in the design and development of medical devices/equipments used in fields including cardiovascular intervention or implantation, neurological intervention, peripheral intervention, ENT intervention, urinary intervention, etc, and the design and development of equipment and moulds used for the production of medical devices.

In terms of distribution network, as of 31 December 2024, our PRC distributors cover 23 provinces, 4 directly-administered municipalities and 5 autonomous regions in the PRC, and covering 3,049 domestic hospitals in the PRC. In addition, we had 281 overseas customers covering 86 countries and regions.

RESEARCH AND DEVELOPMENT

In terms of research and development, we have attained the following achievements during the Reporting Period:

- obtained 22 new products certificates, 9 of which have obtained National Medical Products Administration of China ("**NMPA**") registration certificates for Class III medical devices; and 13 of which have obtained Provincial and Municipal Medical Products Administration ("**PMMPA**") registration certificates for Class II medical devices.

As of 31 December 2024, we had 406 registered patents, 215 patents under application and 21 registered software.

We believe our in-house research and development progress and achievements as detailed above would continue to support development and commercialization of our products and fuel the Group's sustainable development in the future.

CHAIRMAN'S STATEMENT

SALES AND MARKETING

During the Reporting Period, the Group held and took part in several online and offline exhibition promotions and other academic promotion meetings. By the end of 2024, our PRC distributors cover 23 provinces, 4 directly-administered municipalities and 5 autonomous regions in the PRC, and covering 3,049 domestic hospitals in the PRC. In addition, we had 281 overseas customers covering over 86 countries and regions.

OUTLOOK FOR 2025

The Group will continue to deeply develop various fields of medical devices, and orderly promote the Company's strategic planning and business layout. Looking forward to 2025, we will (1) promote the synergistic development of the Group's various businesses through strategic initiatives combining extensional mergers and acquisitions and endogenous growth to achieve high-quality sustainable development of the Group; (2) continue to expand the product pipeline, increase research and development investment, inject strong impetus into innovation and accelerate the development of core products and obtaining approvals for new products; (3) with the accumulation of brand awareness and the successive launch of new products, we will fully expand our market territory, increase product market share, strengthen the Company's brand building, and further elevate its value; and (4) relying on the research and development center invested and constructed by the Group, deeply explore the potential of automation and large-scale production, and lay a solid foundation for efficient production.

APPRECIATION

On behalf of the Board, I would like to express my appreciation and gratitude to the Shareholders. We would also like to thank all of the Directors, Supervisors, senior management and colleagues for their continuous dedication and effort. We will strive to take advantage of opportunities ahead to achieve sustainable business growth and drive higher returns to the Shareholders.

Dr. Liang Dongke
Chairman

18 March 2025

FINANCIAL SUMMARY

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**851,954**	752,836	585,883	464,675	358,428
Gross Profit	**537,662**	438,070	332,486	275,745	234,415
Profit from operations	**216,209**	178,322	145,286	156,324	137,177
Net profit for the year	**190,049**	153,228	133,833	140,445	116,517
Profitability					
Gross profit margin	**63.11%**	58.19%	56.75%	59.34%	65.40%
Net profit margin	**22.31%**	20.35%	22.84%	30.22%	32.51%
Earnings per share (RMB)					
Basic	**1.10**	0.92	0.79	0.86	0.73
Diluted	**1.10**	0.92	0.78	0.86	0.73

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets					
Total assets	**2,259,881**	2,029,626	1,827,334	1,621,545	1,422,684
Total liabilities	**473,389**	351,248	273,230	183,625	95,036
Total equity attributable to equity shareholders of the Company	**1,774,227**	1,649,241	1,512,015	1,395,472	1,305,650

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We are a leading Chinese cardiovascular interventional device manufacturer as well as one of the few medical device groups that cover the entire industry chain from design and development of mould and equipment, product injection, product assembly, product packaging to sterilisation in the PRC. Our major products are primarily used for cardiovascular surgeries.

The China government introduced reform policies to support the healthy and orderly development of the medical industry. The Central Committee of the Communist Party of China and the State Council issued "Opinions on Deepening the Reform of the Medical Security System", calling for the incorporation of drugs, diagnosis and treatment items, and medical consumables with high clinical value and good economic evaluation into the scope of medical insurance payment, continued reform of centralized volume and full implementation of volume-based procurement of medical consumables. In 2021, National Healthcare Security Administration issued the "Notice on Issuing the Three-year Action Plan for the Reform of DRG/DIP Payment Mode", aiming to establish a national unified, top-down linkage and internal and external coordination of payment mechanism, and continue to expand the coverage area of DRG/DIP payment mode. In July 2024, National Healthcare Security Administration issued the "Notice on the 2.0 version of the grouping scheme based on Diagnosis Related Groups and Diagnosis-Intervention Packet payment, and the deepening of related work", aiming to optimize the reform of medical insurance payment modes, refine the grouping standards and execution mechanisms based on Diagnosis Related Groups (DRG) and Diagnosis-Intervention Packet (DIP) payment, and promote the standardization and normalization of medical insurance payment through precise grouping, flexible exemption, and full process management. Therefore, the Company, with comprehensive medical device registration certificates, strong research and development capabilities and leading brand marketing system, will have a greater advantage in the normalized DRG/DIP competition in the future.

The Group's revenue in the Reporting Period was approximately RMB851.95 million, representing an increase of approximately 13.17% or approximately RMB99.11 million as compared to approximately RMB752.84 million for the year ended 31 December 2023, due to the increase in market demand for the Group's products and the increase of number of the Group's new customers. The Group's revenue generated from sales of interventional medical devices in the Reporting Period was approximately RMB773.33 million, representing an increase of approximately 15.23% or approximately RMB102.23 million as compared to approximately RMB671.10 million for the year ended 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Comprehensive medical device registration certificates

During the Reporting Period, the Group has obtained 9 NMPA registration certificates for Class III medical devices and 13 PMMPA registration certificates for Class II medical devices, 2 CE certificates and 5 United States Food and Drug Administration ("**FDA**") approvals. As at 31 December 2024, we have an aggregate of 33 NMPA registration certificates for Class III medical devices, 61 PMMPA registration certificates for Class II medical devices, 27 CE certificates and 25 FDA approvals.

Strong research and development capabilities

Our research and development team consists of professionals who possess doctorate degrees and master's degrees and numerous talents who have over 10 years of experience in research and development of production, with adequate capabilities in the development of innovation products and sustainable improvement of research and development. As at 31 December 2024, we had 406 registered patents, 215 patents under application and 21 registered software copyrights.

Extensive distribution and sales network

We have an extensive distribution network and have developed and maintained stable relationships with our distributors. By the end of 2024, our PRC distributors cover 23 (2023: 23) provinces, 4 (2023: 4) directly-administered municipalities and 5 (2023: 5) autonomous regions in the PRC, and covering 3,049 (2023: 2,660) domestic hospitals in the PRC. In addition, we had 281 (2023: 226) overseas customers covering over 86 (2023: 77) countries and regions.

ACTIVITIES REVIEW

Subsidiaries

As at 31 December 2024, the Group was comprised of 19 (2023: 16) wholly-owned or holding subsidiaries engaging in the design and development of medical devices used in fields including cardiovascular intervention or implantation, neurological intervention, peripheral intervention, ENT intervention, urinary intervention, and the design and development of equipment and moulds used for the production of medical devices.

Change of Company Name, Stock Short Name and Website

Reference is made to the announcement of the Company dated 16 January 2024 in relation to, among others, the change of the Company name, stock short name and the Company's website. The relevant approval, licenses and consents in relation to the change of the Chinese name of the Company from "上海康德萊醫療器械股份有限公司" to "上海瑛泰醫療器械股份有限公司" and the change of English name of the Company from "Shanghai Kindly Medical Instruments Co., Ltd." to "Shanghai INT Medical Instruments Co., Ltd." (the "**Change of Company Name**") had been obtained and all filings and registration procedures in the PRC had been completed and the Administration for Market Regulation of Shanghai (上海市市場監督管理局) issued the business license dated 20 December 2023, and the Change of Company Name took effect on the same day. The Registrar of Companies in Hong Kong had issued the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company on 9 January 2024, confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). With effect from 9:00 a.m. on 19 January 2024, the stock short name of the Company was changed from "康德萊醫械" to "瑛泰醫療" in Chinese and from "KDL MEDICAL" to "INT MEDICAL" in English for the purpose of trading in the H Shares on the Stock Exchange. The stock code of the Company on the Stock Exchange remains unchanged as "01501". The website of the Company was changed from "www.kdl-int.com" to "www.int-medical.com".

MANAGEMENT DISCUSSION AND ANALYSIS

Acquisition of additional equity interest

Reference is made to the announcement of the Company dated 23 February 2024 in relation to the repurchase of equity interest in a non-wholly-owned subsidiary. On 23 February 2024, Shanghai Huaige Int Venture Investment Partnership (Limited Partnership)* (上海懷格瑛泰創業投資合夥企業（有限合夥）) ("**Huaige Int**") and Mr. Ke Wei (together, the "**Sellers**"), Shanghai Healing Medical Instruments Co., Ltd.* (上海翰淩醫療器械有限公司) (the "**Target Company**") and the Company entered into a repurchase agreement, pursuant to which the Company agreed to repurchase a total of approximately 5.0% equity interest in the Target Company from the Sellers, among which approximately 3.8% equity interest in the Target Company would be repurchased by the Company from Huaige Int and approximately 1.2% equity interest in the Target Company would be repurchased by the Company from Mr. Ke Wei (柯偉) at the total consideration of RMB60,081,753.42 (the "**Repurchases**"). Upon completion of the Repurchases, the Target Company would be owned as to approximately 61.36% by the Company. The Board considered that the Repurchases was to further optimize the equity structure of the Target Company and more effectively achieve the development strategy of the Company. The entering into the Repurchase Agreement was in the ordinary and usual course of business of the Group. As one or more of the applicable percentage ratios in respect of the Repurchases did not exceed 5%, the Repurchases in aggregate were exempted from the reporting and announcement requirements under Chapter 14 of the Listing Rules. The Repurchases took place on 29 March 2024 and the Target Company owned as to approximately 61.36% by the Company as at the date of this annual report.

Allotment and Issuance of Domestic Shares under the 2023 Share Incentive Scheme

Reference is made to the announcement of the Company dated 15 March 2024 in relation to the allotment and issuance of 5,000,000 domestic shares to Dr. Liang Dongke, Mr. Lin Sen, Dr. Song Yuan, Mr. Wang Ruiqin and 13 other employees of the Company (the "**Grantees**"). The Company had received approval dated 13 March 2024 from the China Securities Regulatory Commission (the "**CSRC Approval**") in relation to the Company's allotment and issuance of 5,000,000 new domestic shares under the 2023 Share Incentive Scheme. The CSRC Approval shall be effective for 12 months from 13 March 2024. The 5,000,000 new domestic shares issued and allotted to the Grantees on 29 March 2024 and the total number of issued shares of the Company increased to 176,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Revision of Annual Cap under the 2022 Medical Accessories and Molds Sales Framework Agreement

Reference is made to the announcement of the Company dated 19 August 2024. As the actual transaction amount of the transaction contemplated under the medical accessories and molds sales framework agreement dated 14 January 2022 entered into by and between the Company and Shanghai Kindly Enterprise Development Group Co., Ltd.* (上海康德萊企業發展集團股份有限公司) ("**KDL**") (the "**2022 Medical Accessories and Molds Sales Framework Agreement**") in 2024 might exceed the existing annual cap for the year ended 31 December 2024 thereunder (the "**Existing 2024 Annual Cap**"), the Board resolved to, among others, revised the Existing 2024 Annual Cap to RMB20 million accordingly to satisfy KDL's need in the manufacturing process of their medical devices (the "**Revised 2024 Annual Cap**"). The Revised 2024 Annual Cap had been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) had confirmed that the revision of the Existing 2024 Annual Cap was fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and was in the interests of the Company and the Shareholders as a whole. Save for the revision of the Existing 2024 Annual Cap, all other terms and conditions of the 2022 Medical Accessories and Molds Sales Framework Agreement remain unchanged. As at the date of the announcement of the Company dated 19 August 2024, KDL was one of the substantial shareholders of the Company, which held approximately 24.35% equity interest in the Company. Pursuant to Rule 14A.07 of the Listing Rules, KDL is a connected person of the Company. As the highest of all applicable percentage ratios (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules in respect of the continuing connected transaction contemplated under the 2022 Medical Accessories and Molds Sales Framework Agreement (after the adoption of the Revised 2024 Annual Cap) was higher than 0.1% but less than 5% on an annual basis, the transaction contemplated thereunder was subject to reporting, annual review and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Renewal of the Continuing Connected Transaction

Reference is made to the announcement of the Company dated 19 August 2024 and the supplemental announcement of the Company dated 20 September 2024. As the 2022 Medical Accessories and Molds Sales Framework Agreement was expected to expire on 31 December 2024 and KDL and/or its subsidiaries or associated companies were expected to procure intervention medical devices and continue procurement of medical accessories and molds from the Company, the Board resolved to enter into the sales framework agreement dated 19 August 2024 by and between the Company and KDL (the "**2025–2027 Sales Framework Agreement**") to update and renew the 2022 Medical Accessories and Molds Sales Framework Agreement for a term of three years effective from 1 January 2025 and the annual transaction amounts shall not exceed RMB20 million of each year. As KDL is a connected person of the Company under Chapter 14A of the Listing Rules, the transactions under 2025–2027 Sales Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules for the transactions under the 2025–2027 Sales Framework Agreement were more than 0.1% but less than 5%, the transactions under the 2025–2027 Sales Framework Agreement was subject to reporting, annual review and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

Formation of Joint Venture

Reference is made to the announcement of the Company dated 28 November 2024. On 28 November 2024, the Company entered into the investment agreement (the "**First Investment Agreement**") with Mr. Lin Sen, Dr. Song Yuan, and Mr. Wang Ruiqin in relation to the formation of Shanghai INT Asset Management Co., Ltd.* (上海瑛泰資產管理有限公司) (currently known as Shanghai INT Investment Management Co., Ltd.* (上海瑛泰投資管理有限公司)) ("**Shanghai INT Investment Management**"), a joint venture which will be primarily engaged in asset management. On the same day, the Company entered into the investment agreement (the "**Second Investment Agreement**") with Dr. Song Yuan, in relation to the formation of Shanghai INT Life Co., Ltd.* (上海瑛泰昇活商貿有限公司) ("**Shanghai INT Life**"), a joint venture which would be primarily engaged in the sale of cosmetics, supplements, and disposable medical products. Mr. Lin Sen is an executive Director and a member of senior management of the Company, Dr. Song Yuan is a non-executive Director, and Mr. Wang Ruiqin is a non-executive Director. Therefore, each of Mr. Lin Sen, Dr. Song Yuan, and Mr. Wang Ruiqin is a connected person of the Company under the Listing Rules. Accordingly, each of the formation of the Shanghai INT Investment Management and Shanghai INT Life constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios in respect of the formation of Shanghai INT Investment Management and Shanghai INT Life (whether on standalone basis or when aggregated with each other) exceeded 0.1% but less than 5.0%, the formation of each of Shanghai INT Investment Management and Shanghai INT Life was only subject to the reporting and announcement requirements but was exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Shanghai INT Life was established in the PRC on 29 November 2024 and Shanghai INT Investment Management was established in the PRC on 27 March 2025.

OUTLOOK FOR 2025

The Group will continue to deeply develop various fields of medical devices, and orderly promote the Company's strategic planning and business layout. Looking forward to 2025, we will (1) promote the synergistic development of the Group's various businesses through strategic initiatives combining extensional mergers and acquisitions and endogenous growth to achieve high-quality sustainable development of the Group; (2) continue to expand the product pipeline, increase research and development investment, inject strong impetus into innovation and accelerate the development of core products and obtaining approvals for new products; (3) with the accumulation of brand awareness and the successive launch of new products, we will fully expand our market territory, increase product market share, strengthen the Company's brand building, and further elevate its value; and (4) relying on the research and development center invested and constructed by the Group, deeply explore the potential of automation and large-scale production, and lay a solid foundation for efficient production.

FINANCIAL REVIEW

Revenue

The Group's revenue in the Reporting Period was approximately RMB851.95 million, representing an increase of approximately 13.17% or approximately RMB99.11 million as compared to approximately RMB752.84 million for the year ended 31 December 2023, due to the increase in market demand for the Group's products and the increase of number of the Group's new customers.

MANAGEMENT DISCUSSION AND ANALYSIS

With respect to revenue categorized by different products, the Group's revenue generated from sales of interventional medical devices in the Reporting Period was approximately RMB773.33 million (2023: approximately RMB671.10 million), representing approximately 90.77% of the total revenue as compared to approximately 89.14% for the year ended 31 December 2023. The Group's revenue generated from sales of medical accessories was approximately RMB32.36 million (2023: approximately RMB26.67 million), representing approximately 3.80% (2023: approximately 3.54%) of the total revenue. The Group's revenue generated from agent business was approximately RMB39.47 million (2023: approximately RMB44.16 million), representing approximately 4.63% (2023: approximately 5.87%) of the total revenue.

Cost of Sales

The Group's cost of sales in the Reporting Period was approximately RMB314.29 million, basically the same as compared to approximately RMB314.77 million for the year ended 31 December 2023.

Gross Profit and Gross Profit Margin

During the Reporting Period, Group's gross profit was approximately RMB537.66 million, as compared to approximately RMB438.07 million for the year ended 31 December 2023. Gross profit margin increased from approximately 58.19% to approximately 63.11% as compared to the year ended 31 December 2023. The increase in gross profit margin was mainly due to improvement in capacity utilization and automation level, as well as the increase in the proportion of high gross profit margin products.

Other Income

During the Reporting Period, other income was approximately RMB27.29 million, representing a decrease of approximately 18.13% or approximately RMB6.04 million as compared to approximately RMB33.33 million for the year ended 31 December 2023. Net realised and unrealised losses from fair value changes on financial assets measured at fair value through profit or loss for the Reporting Period was approximately RMB8.03 million (net realised and unrealised gains from fair value changes on financial assets measured at fair value though profit or loss for 2023: approximately RMB2.08 million).

Finance Costs

During the Reporting Period, the finance cost was approximately RMB2.43 million as compared to approximately RMB3.19 million for the year ended 31 December 2023. The finance costs were interests arising from bank loans.

Distribution Costs

The distribution costs of the Group in the Reporting Period were approximately RMB79.39 million, increased by approximately 17.79% or approximately RMB11.99 million as compared to approximately RMB67.40 million for the year ended 31 December 2023. It constituted approximately 9.32% of the total revenue as compared to approximately 8.95% for the year ended 31 December 2023. The increase in distribution costs was primarily due to the expansion of the sales team and participation in overseas exhibitions.

Administrative Expenses

The administrative expenses of the Group in the Reporting Period were approximately RMB120.84 million, increased by approximately 21.54% or approximately RMB21.41 million as compared to approximately RMB99.43 million for the year ended 31 December 2023. The rise was mainly due to the increase in payroll and depreciation and amortisation.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and Development Expenses

The research and development expenses of the Group in the Reporting Period were approximately RMB189.93 million, of which approximately RMB40.80 million (2023: RMB53.46 million) was capitalised as intangible assets and the remaining approximately RMB149.13 million (2023: RMB125.85 million) was charged to profit or loss, representing an increase of 5.92% or RMB10.62 million as compared to approximately RMB179.31 million for the year ended 31 December 2023. The rise was primarily due to the Group's continued development and commercialisation of the existing pipeline products, as well as new products of the Group.

Income Tax Expenses

The income tax expenses in the Reporting Period was approximately RMB23.34 million, representing an increase of approximately 6.58% or approximately RMB1.44 million as compared to approximately RMB21.90 million for the year ended 31 December 2023. The effective income tax rate was approximately 10.94% for the Reporting Period as compared to approximately 12.51% for the year ended 31 December 2023. The decrease was due to the impact of the additional research and development expenses deduction policy.

Profit for the year

The Group's profit for the year in the Reporting Period was approximately RMB190.05 million, representing an increase of approximately 24.03% as compared to approximately RMB153.23 million for the year ended 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a sound financial position during the Reporting Period. As at 31 December 2024, the Group's cash and bank balance amounted to approximately RMB521.95 million (2023: approximately RMB423.67 million). For the year ended 31 December 2024, net cash flow from operating activities of the Group amounted to approximately RMB225.54 million (2023: approximately RMB178.15 million).

The Group recorded total current assets of approximately RMB892.13 million as at 31 December 2024 (31 December 2023: approximately RMB724.29 million) and total current liabilities of approximately RMB434.46 million as at 31 December 2024 (31 December 2023: approximately RMB316.83 million). The current ratio (calculated by dividing the current assets by the current liabilities) of the Group was approximately 2.05 as at 31 December 2024 (31 December 2023: approximately 2.29).

BORROWINGS AND GEARING RATIO

As at 31 December 2024, the Group's loan of approximately RMB227.26 million was borrowed from banks in the PRC, as compared to approximately RMB79.12 million as at 31 December 2023. As such, the gearing ratio is 13.64% (2023: 5.65%).

CAPITAL STRUCTURE

Total equity attributable to equity shareholders of the Company amounted to approximately RMB1,774.23 million as at 31 December 2024 as compared to approximately RMB1,649.24 million as at 31 December 2023.

FINAL DIVIDEND

The Board resolved not to declare any final dividend for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE GLOBAL OFFERING

Upon completion of the Global Offering, the Company raised net proceeds of approximately RMB797.62 million (after deducting the listing fees and other expenses). As at 31 December 2024, the Company has utilized approximately RMB777.41 million of the net proceeds. As disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 28 October 2019 and the announcements of the Company dated 7 July 2020, 31 March 2021, 20 June 2022 and 3 March 2023, the details of intended application of net proceeds are set out as follows:

	Revised allocation of the net proceeds		After revision/ unutilized net proceeds as at 1 January 2024	Utilized net proceeds during the Reporting Period	Utilized net proceeds up to 31 December 2024	Unutilized net proceeds up to 31 December 2024	Expected timeline of full utilization of the unutilized net proceeds
	(RMB million)	*(Approximate percentage)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	
Set up a research and development center and an additional production facility in Jiading, Shanghai	328.38	41.17%	–	–	328.38	–	Not applicable
Purchase additional and replacement of existing production equipment and automate production lines	110.07	13.80%	26.20	26.20	110.07	–	Not applicable
Expand our distribution network and coverage, collaborate with local distributors and intensify our marketing efforts	13.00	1.63%	–	–	13.00	–	Not applicable
General corporate purposes and fund our working capital	79.84	10.01%	–	–	79.84	–	Not applicable
Zhuhai Derui New Factory Project	110.00	13.79%	–	–	110.00	–	Not applicable
Construction of the Shandong INT Innovative Medical Instruments Industrial Park	156.33	19.60%	56.54	36.33	136.12	20.21	December 2025
Total	797.62	100.00%	82.74	62.53	777.41	20.21	

As at the date of this annual report, the unutilized net proceeds has been deposited in bank accounts maintained by the Company. As at 31 December 2024, the Company has unutilized approximately RMB20.21 million of the net proceeds in Construction of the Shandong INT Innovative Medical Instruments Industrial Park, mainly due to the final payment of the construction has not been paid and will be paid by the end of 2025.

EMPLOYEE REMUNERATION AND RELATIONS

As at 31 December 2024, the Group had a total of 1,735 employees, comparing to 1,567 employees as at 31 December 2023. The total cost of employees for the Reporting Period amounted to approximately RMB269.87 million (2023: approximately RMB231.93 million). The Group provides employees with competitive remuneration and benefits, and the Group's remuneration policies are formulated according to the assessment of individual performance and are periodically reviewed. The Group has adopted three share schemes, including the Share Incentive Scheme, the 2023 Share Incentive Scheme and the H Share Award and Trust Scheme to recognize the contributions of certain employees and help in retaining them for the Group's operation and further development. The Group also provides training programs to employees, including new hire training for new employees and continuing technical training after employment to enhance their skill and knowledge.

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

During the Reporting Period, the trustee of the H Share Award and Trust Scheme repurchased 800,000 H shares on the Stock Exchange to satisfy the grant of awards pursuant to the H Share Award and Trust Scheme. No awards was granted as at 31 December 2024 under the H Share Award and Trust Scheme.

As at 31 December 2024, there is no treasury shares (as defined under the Listing Rules) held by the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2024 and 31 December 2023, the Group had below significant investments.

	At 31 December 2024						At 31 December 2023					
	Percentage of interests %	Cost of investment RMB'000	Fair value RMB'000	Size relative to the Group's total assets %	Accumulated gain RMB'000	Dividend received RMB'000	Percentage of interests %	Cost of investment RMB'000	Fair value RMB'000	Size relative to the Group's total assets %	Accumulated gain RMB'000	Dividend received RMB'000
Recognised as "financial assets at fair value through profit or loss"												
Jingning Huaige Ruixin Venture Investment Partnership (Limited Partnership)* 景寧懷格瑞信創業投資合夥企業（有限合夥）(the "**Ruixin Fund**")	15.83	50,000	54,696	2.42	4,696	-	15.83	50,000	66,383	3.27	16,383	–
Shanghai Huaige Int Start-up Investment Limited Partnership (L.P.)* (上海懷格瑛泰創業投資合夥企業（有限合夥）) (the "**Int Fund**")	25.00	50,000	49,047	2.17	14,436	15,389	25.00	50,000	62,051	3.06	12,051	–
Chengdu Huaige Guosheng Venture Investment Partnership (Limited Partnership)* (成都懷格國生創業投資合夥企業（有限合夥）) (the "**Chengdu Huaige Fund**")	12.49	25,000	29,790	1.32	4,790	-	12.14	25,000	27,762	1.37	2,762	–
Hainan Renze Zhenzhi Venture Capital Fund Partnership Enterprise (Limited Partnership)* (海南仁澤真寄創業投資基金合夥企業（有限合夥）) (the "**Hainan Renze Fund**")	27.62	17,500	18,082	0.80	582	-	31.06	10,000	11,827	0.58	1,827	–
		142,500	151,615	6.71	24,504	15,389		135,000	168,023	8.28	33,023	–

The primary objective of the Ruixin Fund is investments in equity interest of entities in the medical devices, pharmaceutical, biologics, medical services and contract research organisation services industries mainly in the PRC and investments in other equity funds with focus of investing in the medical device and biomedical fields.

The primary objective of the Int Fund is venture investment in, among others, equity interests, convertible loans and/or financial assets in relation to start-ups or early-stage businesses in the medical devices industry mainly in the PRC. The investment priorities of the Int Fund include start-ups or early-stage businesses principally engaged in the research and development of cardiovascular interventional devices, neurointerventional procedural medical devices and other interventional medical devices.

The primary objective of the Chengdu Huaige Fund is venture investments in equity interests of early-stage or growth stage businesses in the healthcare and biotechnology sectors. The investment in the Chengdu Huaige Fund provides the Company with an opportunity to facilitate its strategic development in the healthcare and biotechnology and other related industries, enhance its competitiveness, and strengthen its market position.

The primary objective of the Hainan Renze Fund is investments in equity interest of entities in the medical and health field, including biotechnology, innovative drugs, medical services and medical devices, and the main investment stage is the pre-IPO stage.

Save as disclosed above, the Group has no other significant investment during the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group has no material acquisitions or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, the Group did not have any material contingent liabilities.

FINANCIAL INSTRUMENTS

As at 31 December 2024, the Group did not enter into foreign forward contracts.

As at 31 December 2024, the Group did not have any other outstanding hedge contracts or financial derivate instruments.

CAPITAL EXPENDITURE

The capital expenditure of the Group for property, plant and equipment (the "**PPE**"), construction in progress, intangible assets, prepaid lease payments and deposits for PPE amounted to approximately RMB165.74 million for the Reporting Period (2023: approximately RMB231.20 million).

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISK

During the Report Period, the Group's operations were primarily based in the PRC. The Group's assets, liabilities and transactions in the PRC are denominated in RMB, while overseas assets and transactions are mainly denominated in US Dollars. There were currency fluctuations among US Dollars, Euro, RMB and Hong Kong Dollars during the Reporting Period, the Group's operational results and financial condition may be affected by changes in the exchange rates. As the Group reasonably arranges the currency structure, which effectively reduces foreign exchange risk, the Directors believe that there is no significant foreign exchange risk to the Group at the current stage. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the Reporting Period. The Group will continuously monitor its foreign exchange exposure and will consider hedging of foreign currency risk should the need arise.

CHARGE ON GROUP ASSETS

As at 31 December 2024, the Group did not have any charges on its assets.

CAPITAL COMMITMENT

The Group's outstanding capital commitments authorized but not contracted for at 31 December 2024 not provided for in the financial statements amounted to approximately RMB202.15 million (2023: approximately RMB80.70 million). The Group's outstanding capital commitment contracted for at 31 December 2024 not provided for in the financial statements amounted to approximately RMB89.05 million (2023: approximately RMB72.08 million).

REPORT OF THE DIRECTORS

The Board is pleased to present this annual report for the year 2024 and the audited consolidated financial statements of the Group for the year ended 31 December 2024. These financial statements were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and have been audited by KPMG.

GLOBAL OFFERING

The Company is a joint stock company incorporated in the PRC with limited liability. Its H Shares were listed and traded on the Main Board of the Stock Exchange on 8 November 2019. The Prospectus of the Company dated 28 October 2019 has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.int-medical.com). For use of proceeds from the Global Offering, please refer to the section headed "Management Discussion and Analysis" in this annual report.

PRINCIPAL ACTIVITIES

The Group is primarily engaged in the manufacturing of cardiovascular interventional devices, which are mainly used in cardiovascular surgeries.

The activities and particulars of the Company's principal subsidiaries are shown under note 14 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

BUSINESS REVIEW

The description of principal risks and uncertainties that the Group may be facing, a fair review of the Group's business during the Reporting Period, and the probable future business development of the Group are provided in the "Corporate Governance Report" and "Management Discussion and Analysis" on pages 45 to 58 and on pages 7 to 18 of this annual report, respectively.

Also, the financial risk management objectives and policies of the Group can be found in note 28 to the consolidated financial statements. An analysis of the Group's performance during the Reporting Period using financial key performance indicators is provided in the section headed "Financial Summary" on page 6 of this annual report. In addition, discussions on the relationships with its staff, customers and suppliers is also contained in the section headed "Environmental, Social and Governance Report" on pages 59 to 122 of this annual report.

ENVIRONMENTAL PROTECTION

The Group is subject to certain environmental laws and regulations in the PRC. The Group has established an administrative team to monitor compliance with legal requirements and internal standards regarding environmental protection. With respect to waste management, the Group has engaged qualified local third parties to collect recyclable part of solid waste from the Group's production, and as confirmed by the Group's PRC legal adviser, the Group has satisfied all material requirements for treatment and disposal of waste and discharge from its production. The Group believes that it has maintained a good relationship with the communities in proximity of its production facilities.

To the best of the Group's knowledge, during the Reporting Period, the Group had complied with the applicable environment laws and regulations in the PRC in all material respects. Please refer to pages 59 to 122 of this annual report for the Environmental, Social and Governance Report of the Company prepared in compliance with the provisions set out in the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Listing Rules.

REPORT OF THE DIRECTORS

DIVIDEND

The Board resolved not to declare any final dividend for the Reporting Period.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the Group's operating results, assets and liabilities for the past five financial years is set out on page 6 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 11 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the percentage of the major customers and suppliers in the Group's total sales and purchase are as follows:

	Percentage in the Group's total	
	Sales	**Purchases**
Largest customer	6.34%	–
Total of the five largest customers	20.57%	–
Largest supplier	–	13.55%
Total of the five largest suppliers	–	30.72%

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

TAX RELIEF AND EXEMPTION

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

SHARE CAPITAL

Share capital of the Company as at 31 December 2024 was as follows:

	Number of shares	Approximate percentage of total issued share capital
Domestic Shares	71,786,608	40.79%
H Shares	104,213,392	59.21%

RESERVES

Details of movements in the reserves of the Company during the Reporting Period are set out in the consolidated statement of changes in equity and note 27 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVE

As at 31 December 2024, the Company had distributable reserve accounting to approximately RMB594.10 million (as at 31 December 2023: approximately RMB439.68 million).

DIVIDEND POLICY

The Group adopted a dividend policy, pursuant to which dividends may be recommended, declared and paid to the Shareholders from time to time. The declaration of dividends and the dividend amount shall be determined at the sole and absolute discretion of the Board, taking into account the Articles and the following factors:

- the Group's current and future operations and earnings;
- the Group's liquidity position and future commitments at the time of declaration of dividend;
- any contractual restrictions on payment of dividends by the Company to the Shareholders or by the Company's subsidiaries to the Company;
- the retained earnings and distributable reserves of the Company and each of the members of the Group;
- the remaining profit after tax of the Company and each of the members of the Group after recovery of losses (if any) and allocation of the statutory reserve fund;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the general market conditions; and
- any other factors that the Board deems appropriate.

REPORT OF THE DIRECTORS

The Board resolved not to declare any final dividend for the year ended 31 December 2024.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors during the Reporting Period and as at the date of this annual report are as follows:

Executive Directors

Dr. Liang Dongke (梁棟科) *(Chairman)*
Mr. Lin Sen (林森)

Non-executive Directors

Mr. Zhang Weixin (張維鑫)
Ms. Chen Hongqin (陳紅琴)
Dr. Song Yuan (宋媛)
Mr. Wang Ruiqin (王瑞琴)

Independent Non-executive Directors

Mr. Jian Xigao (蹇錫高)
Mr. Hui Hung Kwan (許鴻群)
Mr. Xu Congli (徐從禮)

Supervisors

Ms. Ma Huifang (馬慧芳) *(Chairperson)*
Ms. Chen Jie (陳潔)
Mr. Shen Xiaoru (沈曉如)

The biographical information of the Directors and Supervisors are set out in the section headed "Directors, Supervisors and Senior Management" on pages 123 to 129 of this annual report.

DISCLOSURE OF INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES OF THE COMPANY PURSUANT TO RULES 13.51(2) AND 13.51B(1) OF THE LISTING RULES

Save as disclosed in the 2024 interim report of the Company, there is no change of information of Directors, Supervisors and chief executives of the Company during the Reporting Period which is required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

The Group has not entered into any transaction agreement or contract of significance in which the Group's Directors and Supervisors have direct or indirect material interests during the Reporting Period and the year ended 31 December 2024.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

During the Reporting Period, the Company did not have a controlling shareholder (as defined under the Listing Rules).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their respective associates (as defined under the Listing Rules) had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The Remuneration Committee determines or makes recommendation to the Board (as case may be) on the remuneration and other benefits payable to the Directors and Supervisors by the Group. The Remuneration Committee regularly oversees the remuneration of all Directors and Supervisors to ensure that their remuneration and compensation are at an appropriate level. The Group maintains competitive remuneration packages with reference to the industry standard and according to the business development of the Group, and determines remuneration of the Directors and Supervisors based on their qualifications, experience and contributions, to attract and retain its Directors and Supervisors as well as to control costs.

Details of emoluments of Directors, Supervisors and the top five highest paid individuals are set out in note 8 and note 9 to the consolidated financial statements, respectively. For the year ended 31 December 2024, except for two of the non-executive Directors, Mr. Zhang Weixin and Ms. Chen Hongqin, and one of the Supervisors, Mr. Shen Xiaoru, who did not receive remuneration from the Company, none of the Directors and the Supervisors have waived or agreed to waive any emoluments.

RETIREMENT AND EMPLOYEES' BENEFIT SCHEME

Details on retirement and employees' benefit schemes of the Company are set out in note 6(b) to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

At no time during the Reporting Period and as at the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit at any of the Directors or Supervisors of the Company (whether made by the Company or otherwise) or the directors or supervisors of an associated corporation of the Company (if made by the Company).

The Company has purchased appropriate liability insurance for its Directors and Supervisors which provides proper protection for the Directors and Supervisors.

REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As of 31 December 2024, the interests and short positions of the Directors, the Supervisors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is keen to taken or deemed to have under such provisions of the SFO), or as recorded in the registered maintained by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Class of Shares	Nature of Interest	Number of Shares held/ interested	Approximate percentage in Domestic Shares [4]	Percentage in total number of Shares [4]
Dr. Liang Dongke (梁棟科) [2]	Domestic Shares	Beneficial owner	12,042,854 (L)	16.78%	6.84%
		Interest of controlled corporation	9,900,000 (L)	13.79%	5.63%
Dr. Song Yuan (宋媛) [2]	Domestic Shares	Interest of spouse	21,942,854 (L)	30.57%	12.47%
Mr. Lin Sen (林森)	Domestic Shares	Beneficial owner	7,142,858 (L)	9.95%	4.06%
Mr. Wang Ruiqin (王瑞琴)	Domestic Shares	Beneficial owner	7,142,858 (L)	9.95%	4.06%

Notes:

(1) The letter "L" stands for long position.

(2) Dr. Song Yuan is the spouse of Dr. Liang Dongke. Under section 316(1)(a) of the SFO, Dr. Song Yuan is deemed to be interested in the equity interests held by Dr. Liang Dongke.

(3) The calculation is based on percentage of shareholding in a total of 176,000,000 Shares, which consist of 71,786,608 Domestic Shares and 104,213,392 H Shares as at 31 December 2024.

Save as disclosed above, as of 31 December 2024, to the best knowledge of the Board, none of the Directors, the Supervisors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) 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 the Directors, the Supervisors and chief executives of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As of 31 December 2024, according to the register kept by the Company pursuant to Section 336 of the SFO and so far is known to, or can be ascertained after reasonable enquiry by the Directors, the following person/entity had an interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or be directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of the Company (the interests in Shares and/or short positions, if any, disclosed herein are in addition to those disclosed in respect of the Directors, Supervisors and chief executive of the Company):

Interests in the Shares of the Company

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate percentage in the respective class of share capital (11)	Percentage in total number of Shares (11)
Ningbo Huaige Taiyi Equity Investment Partnership (Limited Partnership) (寧波懷格泰益股權投資合夥企業（有限合夥）) ("**Ningbo Huaige Taiyi**") (2)	Domestic Shares	Beneficial owner	9,843,750 (L)	13.71%	5.59%
Ningbo Huaige Gongxin Equity Investment Partnership (Limited Partnership) (寧波懷格共信股權投資合夥企業（有限合夥）) ("**Ningbo Huaige Gongxin**") (2)	Domestic Shares	Interest of controlled corporation	9,843,750 (L)	13.71%	5.59%
Ningbo Huaige Health Investment Management Partnership (Limited Partnership) (寧波懷格健康投資管理合夥企業（有限合夥）) ("**Ningbo Huaige Health**") (2)	Domestic Shares	Interest of controlled corporation	9,843,750 (L)	13.71%	5.59%

REPORT OF THE DIRECTORS

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate percentage in the respective class of share capital [(11)]	Percentage in total number of Shares [(11)]
Mr. Wang Kai (王鍇) [(2)]	Domestic Shares	Beneficial owner Interest of controlled corporation	5,571,428 (L) 9,843,750 (L)	7.76% 13.71%	3.17% 5.59%
Ms. Zhao Wei (趙威) [(2)]	Domestic Shares	Interest of spouse	15,415,178 (L)	21.47%	8.76%
Ms. Chen Saiying (陳賽英) [(3)]	Domestic Shares	Interest of spouse	7,142,858 (L)	9.95%	4.06%
Ms. Han Chunyan (韓春燕) [(4)]	Domestic Shares	Interest of spouse	7,142,858 (L)	9.95%	4.06%
Mr. Chen Xing (陳星)	Domestic Shares	Beneficial owner	7,071,430 (L)	9.85%	4.02%
Ms. Han Xue (韓雪) [(5)]	Domestic Shares	Interest of spouse	7,071,430 (L)	9.85%	4.02%
Mr. Huang Chubin (黃楚彬)	Domestic Shares	Beneficial owner	7,071,430 (L)	9.85%	4.02%
Ms. Li Xiuqun (李秀群) [(6)]	Domestic Shares	Interest of spouse	7,071,430 (L)	9.85%	4.02%
Ningbo Tongchuang Suwei Investment Partnership (Limited Partnership) (寧波同創速維投資合夥企業（有限合夥）) ("**Ningbo Tongchuang Suwei**") [(7)]	Domestic Shares	Beneficial owner	6,000,000 (L)	8.36%	3.41%
Mr. Chai Yanpeng (柴燕鵬) [(7)]	Domestic Shares	Interest of controlled corporation	6,000,000 (L)	8.36%	3.41%
Shanghai Kindly Enterprise Development Group Co., Ltd. (上海康德萊企業發展集團股份有限公司) ("**KDL**") [(8)]	H Shares	Beneficial owner	42,857,142 (L)	41.12%	24.35%

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate percentage in the respective class of share capital (11)	Percentage in total number of Shares (11)
Shanghai Kindly Holding Group Co., Ltd. (上海康德萊控股集團有限公司) ("**KDL Holding**") (8)	H Shares	Interest of controlled corporation	42,857,142 (L)	41.12%	24.35%
Kindly Holding Co., Ltd. (康德萊控股有限公司) (8)	H Shares	Interest of controlled corporation	42,857,142 (L)	41.12%	24.35%
Shanghai Gongye Investment Co., Ltd. (上海共業投資有限公司) ("**Gongye**") (8)	H Shares	Interest of controlled corporation	42,857,142 (L)	41.12%	24.35%
Mr. Zhang Xianmiao (張憲淼) (8)	H Shares	Interest of controlled corporation; interest jointly held with another person	42,857,142 (L)	41.12%	24.35%
Ms. Zheng Aiping (鄭愛平) (8)	H Shares	Interest of controlled corporation; interest jointly held with another person	42,857,142 (L)	41.12%	24.35%
Mr. Zhang Wei (張偉) (8)	H Shares	Interest of controlled corporation; interest jointly held with another person	42,857,142 (L)	41.12%	24.35%
Ningbo Huaige Taiyi (2)	H Shares	Beneficial owner	13,533,250 (L)	12.99%	7.69%
Ningbo Huaige Gongxin (2)	H Shares	Interest of controlled corporation	13,533,250 (L)	12.99%	7.69%
Ningbo Huaige Health (2)	H Shares	Interest of controlled corporation	13,533,250 (L)	12.99%	7.69%

REPORT OF THE DIRECTORS

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate percentage in the respective class of share capital [(11)]	Percentage in total number of Shares [(11)]
Mr. Wang Kai (王鍇) [(2)]	H Shares	Interest of controlled corporation	13,533,250 (L)	12.99%	7.69%
Ms. Zhao Wei (趙威) [(2)]	H Shares	Interest of spouse	13,533,250 (L)	12.99%	7.69%
China Orient Asset Management (International) Holding Limited [(9)]	H Shares	Interest of controlled corporation	15,649,400 (L)	15.02%	8.89%
China Orient International Fund Management Limited [(9)]	H Shares	Interest of controlled corporation	15,649,400 (L)	15.02%	8.89%
China Orient Multi-Strategy Fund [(9)]	H Shares	Interest of controlled corporation	12,175,800 (L)	11.68%	6.92%
China Orient Multi-Strategy Master Fund [(9)]	H Shares	Beneficial owner	12,175,800 (L)	11.68%	6.92%
OrbiMed Capital LLC [(10)]	H Shares	Investment manager	10,312,200 (L)	9.90%	5.86%
Worldwide Healthcare Trust PLC [(10)]	H Shares	Beneficial owner	7,412,800 (L)	7.11%	4.21%
Mr. Ke Wei (柯偉)	H Shares	Beneficial owner	6,070,000 (L)	5.82%	3.45%

Notes:

(1) The letter "L" stands for long position.

(2) To the best of the Directors' knowledge, Ningbo Huaige Taiyi is a limited partnership established in the PRC and is owned as to 53.13% by Ningbo Huaige Gongxin as limited partner. Ningbo Huaige Health is the general partner of Ningbo Huaige Taiyi and Ningbo Huaige Gongxin. Mr. Wang Kai has 82.5% interest in Ningbo Huaige Health as the general partner. As such, under the SFO, each of Ningbo Huaige Gongxin, Ningbo Huaige Health, Mr. Wang Kai and Ms. Zhao Wei, the spouse of Mr. Wang Kai, is deemed to be interested in the equity interests held by Ningbo Huaige Taiyi.

(3) Ms. Chen Saiying is the spouse of Mr. Lin Sen. Under section 316(1)(a) of the SFO, Ms. Chen Saiying is deemed to be interested in the equity interests held by Mr. Lin Sen.

(4) Ms. Han Chunyan is the spouse of Mr. Wang Ruiqin. Under section 316(1)(a) of the SFO, Ms Han Chunyan is deemed to be interested in the equity interests held by Mr. Wang Ruiqin.

(5) Ms. Han Xue is the spouse of Mr. Chen Xing. Under section 316(1)(a) of the SFO, Ms. Han Xue is deemed to be interested in the equity interests held by Mr. Chen Xing.

(6) Ms. Li Xiuqun is the spouse of Mr. Huang Chubin. Under section 316(1)(a) of the SFO, Ms. Li Xiuqun is deemed to be interested in the equity interests held by Mr. Huang Chubin.

(7) To the best of the Directors' knowledge, Ningbo Tongchuang Suwei is a limited partnership established in the PRC. Mr. Chai Yanpeng is the general partner of Ningbo Tongchuang Suwei. As such, under the SFO, Mr. Chai Yanpeng is deemed to be interested in the equity interests held by Ningbo Tongchuang Suwei.

(8) To the best of the Directors' knowledge, KDL Holding controls KDL as it owns more than one-third of the voting power at general meetings of KDL. KDL Holding is in turn controlled by each of Gongye and Kindly Holding Co., Ltd. as each of Gongye and Kindly Holding Co., Ltd. owns more than one-third of the voting power at general meetings of KDL Holding. Gongye is held as to 56.43% and Kindly Holding Co., Ltd. is wholly-owned by the Zhang Family (namely Mr. Zhang Xianmiao (張憲淼), Ms. Zheng Aiping (鄭愛平) and Mr. Zhang Wei (張偉)) as concert parties. As such, under the SFO, each of KDL Holding, Gongye, Kindly Holding Co., Ltd., Mr. Zhang Xianmiao, Ms. Zheng Aiping and Mr. Zhang Wei is deemed to be interested in the equity interests held by KDL.

(9) To the best of the Directors' knowledge, 12,175,800 H Shares held by China Orient Multi-Strategy Master Fund is controlled as to 100% by China Orient Multi-Strategy Fund, which is in turn controlled as to 99.47% by China Orient International Fund Management Limited, 100% of the voting power of which is controlled by China Orient Asset Management (International) Holding Limited. 3,473,600 H Shares held by China Orient Enhanced Income Fund is controlled as to 100% by China Orient International Fund Management Limited, 100% of the voting power of which is controlled by China Orient Asset Management (International) Holding Limited. As such, under the SFO, each of China Orient International Fund Management Limited and China Orient Asset Management (International) Holding Limited is deemed to be interested in the equity interests held by China Orient Multi-Strategy Master Fund and China Orient Enhanced Income Fund.

(10) Taking into account the 2,899,400 H Shares and 7,412,800 H Shares held by OrbiMed Partners Master Fund Limited and Worldwide Healthcare Trust PLC, respectively, pursuant to the cornerstone investment agreement as described under the section headed "Cornerstone Investors" in the Prospectus, OrbiMed Capital LLC is deemed to be interested in the above H Shares.

(11) The calculation is based on the percentage of shareholding in a total of 176,000,000 Shares, which consist of 71,786,608 Domestic Shares and 104,213,392 H Shares as at 31 December 2024.

REPORT OF THE DIRECTORS

Substantial shareholders of other members of the Group

Name	Member of the Group	Nature of Interest	Approximate percentage held by the substantial shareholder
Jiang Xiannan (姜賢男)	Shanghai Pukon Medical Instruments Co., Ltd. (上海璞康醫療器械有限公司)	Beneficial owner	15.0%
Chen Linling (陳臨淩)	Shanghai Healing Medical Instruments Co., Ltd. (上海翰淩醫療器械有限公司)	Beneficial owner	24.5%
Liang Dognke (梁棟科)	Shanghai Puhui Medical Instruments Co., Ltd (上海璞慧醫療器械有限公司) ("**Shanghai Puhui**")	Beneficial owner	21.0%
Ningbo Youtuo Enterprise Management Partnership (Limited Partnership)* (寧波優拓企業管理合夥企業（有限合夥）)	Shanghai Puhui	Beneficial owner	20.0%
Sun Peng (孫鵬)	Shanghai Qimu Medical Instruments Co., Ltd. (上海七木醫療器械有限公司)	Beneficial owner	10.0%
Lin Peng (林鵬)	Shanghai Pumei Medical Instruments Co., Ltd. (上海璞鎂醫療器械有限公司)	Beneficial owner	30.0%
Hengyi Enterprise Management (Wei Fang) Center (Limited Partnership)* (恒熠企業管理（濰坊）中心（有限合夥）)	Shanghai Pulin Medical Instruments Co., Ltd. (上海璞霖醫療器械有限公司)	Beneficial owner	35.0%
Ningbo Liufang Enterprise Management Partnership (Limited Partnership)* (寧波六方企業管理合夥企業（有限合夥）) ("**Ningbo Liufang**")	Shanghai Puyue Medical Instruments Co., Ltd. (上海璞躍醫療器械有限公司)	Beneficial owner	40.0%

Name	Member of the Group	Nature of Interest	Approximate percentage held by the substantial shareholder
Ningbo Liufang	Zhuhai Puyue Medical Instruments Co., Ltd.* (珠海璞躍醫療器械有限公司)	Interest of controlled corporation	40.0%
Xie Guozhu (謝國柱)	Shandong Insant New Materials Co., Ltd. (山東瑛盛新材料有限公司) ("**Insant New Materials**")	Beneficial owner	29.0%
Yang Tao (楊濤)	Insant New Materials	Beneficial owner	20.0%
Shanghai Shurui Technology Co., Ltd.* (上海曙瑞科技有限公司)	Shanghai Taijiarui Medical Technology Co., Ltd.* (上海泰嘉瑞醫療科技有限公司) ("**Shanghai Taijiarui**")	Beneficial owner	39.0%
Ningbo Zhuoguang Enterprise Management Partnership (Limited Partnership)* (寧波卓廣企業管理合夥企業（有限合夥）)	Shanghai Taijiarui	Beneficial owner	10.0%
Song Yuan (宋媛)	Shanghai INT Life Co., Ltd. (上海瑛泰昇活商貿有限公司)	Beneficial owner	30.0%

Save as disclosed above, as of 31 December 2024, to the best knowledge of the Directors, no other person had, or were deemed or taken to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the registry kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No arrangement has been made by the Company or any of its subsidiaries for any Director or Supervisor to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate, and no rights to any share capital or debentures of the Company or any other body corporate were granted to any Director, Supervisor or their respective spouse or children under 18 years of age, nor were any such rights exercised during or at the end of the Reporting Period.

REPORT OF THE DIRECTORS

SHARE INCENTIVE SCHEME

The Board resolved to adopt, and the Shareholders approved, a Share Incentive Scheme of granting no more than 5,000,000 Domestic Shares in the form of restricted share ("**RS**") to no more than 100 employees of the Group. 2,500,000 Domestic Shares were allotted and issued to each of Dr. Liang Dongke and the Share Incentive Platforms for administration of the Share Incentive Scheme. Grantees of the RS (the "**Grantees**") (other than Dr. Liang Dongke) were admitted as limited partners of the Share Incentive Platforms.

The Remuneration Committee may select eligible grantees amongst the Directors, Supervisors, senior management of the Group, and employees, which is subject to review and approval by the Board and the Supervisory Committee. The RS were granted to the Grantees at a price equivalent to RMB12.0 per Share. The Grantees shall be subject to certain vesting conditions and a lock-up period of sixty months from (a) the date of allotment of Shares to the Share Incentive Platforms or (b) the date of grant of the RS to the Grantee, whichever is later.

The Company has previously applied to the CSRC for allotment of 2,000,000 Domestic Shares (the "**First Installment**") to Dr. Liang Dongke and the Share Incentive Platforms, namely Jingning Int Chuangyuan Enterprise Management Partnership (Limited Partnership)* (景寧瑛泰創源企業管理合夥企業（有限合夥）) and Jingning Int Chuangqi Enterprise Management Partnership (Limited Partnership)* (景寧瑛泰創啟企業管理合夥企業（有限合夥）) pursuant to the Share Incentive Scheme. On 13 May 2022, the Company completed the registration for the First Installment with China Securities Depository and Clearing Corporation Limited. The total consideration for the Grant Price of RMB12.0 per share for the First Installment has been paid by Dr. Liang Dongke and the Share Incentive Platforms.

The Company has applied to the CSRC and has received the CSRC's approval dated 17 October 2023 for the allotment and issuance of the remaining 3,000,000 Award Shares under the Share Incentive Scheme. For more details of the Share Incentive Scheme, please refer to the Company's announcements dated 21 September 2020, 17 May 2021, 19 August 2021, 16 May 2022 and 24 October 2023 and the circulars dated 6 November 2020 and 16 April 2021.

On 30 December 2022, the Board resolved to make certain amendments to the Share Incentive Scheme in light of the Company's proposed adjustment to the performance target provision of the Share Incentive Scheme taking into account the ongoing impact of COVID-19 on the production and operation of the Company in 2022, and the amendments to the Listing Rules to implement the proposals of the "Consultation Conclusions on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment" published by the Stock Exchange on 29 July 2022 (the "**New Chapter 17**"), subject to the Shareholders' approval. The Board proposed to seek approval from the Shareholders to, among other things, (i) amend the performance target provision of the Share Incentive Scheme in order to extend the Review Period (as defined under the Share Incentive Scheme) to the fourth financial year ended 31 December 2023 and (ii) bring the Share Incentive Scheme in alignment with the New Chapter 17 and make certain minor housekeeping amendments to the Share Incentive Scheme for the purpose of clarifying existing practice and making consequential amendments.

REPORT OF THE DIRECTORS

The Shareholders approved such amendments, among other things, at the annual general meeting held on 18 May 2023. For more details, please refer to the Company's announcements dated 30 December 2022 dated 18 May 2023, the circular dated 13 April 2023 and the supplemental circular dated 3 May 2023.

The principal terms of the Share Incentive Scheme are set out below:

Purpose of the Share Incentive Scheme

The purpose of the Share Incentive Scheme is to further establish and improve the incentive mechanism of the Company, fully mobilize the enthusiasm of the Company's management personnel and core backbone personnel at all levels, continuously introduce various excellent technological and senior management talents, and promote the realization of the Company's overall strategic goals at the same time, under the premise of fully protecting the interests of shareholders and pursuant to the current relevant laws and regulations, the Listing Rules and the Articles etc.

Lock-up Period

RS granted under the Share Incentive Scheme are subject to a lock-up period of 60 months. The lock-up period for the 2,000,000 Domestic Shares granted in the first phase of the Share Incentive Scheme is 60 months commencing from the date of completion of the registration of the granted shares with the China Securities Depository and Clearing Corporation Limited. The lock-up period for the 3,000,000 Shares granted subsequently is the same as that of the first grant, and the unlocking date is the same with that of the first grant.

Maximum Entitlement of Each Grantee

Where any grant of Domestic Shares to a Grantee would result in the Shares issued and to be issued in respect of all options and awards granted to such grantee (excluding any options and awards lapsed in accordance with the terms of the Share Incentive Scheme or any other share schemes) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total issued Shares, such grant must be separately approved by the Shareholders at the general meeting, with such grantee and his/her close associates (or associate if the grantee is a connected person) abstaining from voting, and the Company must send a circular to the Shareholders.

Determination Basis of Grant Price

On the basis of completion of financial auditing and assets evaluation, and under the principle that the issuance price shall not be lower than the net assets per share of the Company as of 31 December 2019, taking into account the actual cost factors such as amount of capital contribution required to be paid by the grantee in order to acquire the relevant RS and tax obligations etc., the Company decided to determine the grant price of the RS to be RMB12.0 per Share, and calculate the price of each partnership interest based on the total interest of the employee shareholding platform.

Remaining Life of the Share Incentive Scheme

The Share Incentive Scheme will expire at the 10th anniversary of the date when the Share Incentive Scheme was approved at the extraordinary general meeting of the Company on 17 December 2020. As at 31 December 2024, the remaining life of the Share Incentive Scheme is approximately 6 years.

REPORT OF THE DIRECTORS

Details of the RS granted under the Share Incentive Scheme are set out below:

Name of Grantee	Category of Grantee	Date of Grant	Lock-up period[1]	Exercise Period	Vesting Period	As at 1 January 2024	Granted during the Reporting Period	Attributed during the Reporting Period	Cancelled during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	As at 31 December 2024	Grant price	Fair value of the awards as at the date of grant
Dr. Liang Dongke	Director and general manager	19 August 2021	60 months from 13 May 2022	12 months after obtaining the CSRC approval	Nil	3,384,300	Nil	Nil	Nil	Nil	3,384,300	RMB12.0	RMB14.81
Mr. Lin Sen	Director	19 August 2021	60 months from 13 May 2022	12 months after obtaining the CSRC approval	Nil	141,600	Nil	Nil	Nil	Nil	141,600	RMB12.0	RMB14.81
Dr. Song Yuan	Director	19 August 2021	60 months from 13 May 2022	12 months after obtaining the CSRC approval	Nil	141,600	Nil	Nil	Nil	Nil	141,600	RMB12.0	RMB14.81
Mr. Wang Ruiqin	Director	19 August 2021	60 months from 13 May 2022	12 months after obtaining the CSRC approval	Nil	100,000	Nil	Nil	Nil	Nil	100,000	RMB12.0	RMB14.81
Others	Employees	19 August 2021	60 months from 13 May 2022	12 months after obtaining the CSRC approval	Nil	1,232,500	Nil	Nil	Nil	Nil	1,232,500	RMB12.0	RMB14.81

Note:

(1) Pursuant to the Share Incentive Scheme, during the lock-up period, if the domestic shares of the Company are listed on a stock exchange, the shares or partnership interest acquired by the grantees through the Share Incentive Scheme shall not be transferred upon the listing of the domestic shares of the Company, and the lock-up period will be extended until the expiry of 36 months of the listing of the Company's domestic shares (or the lock-up period after the listing of the domestic shares pursuant to the latest laws and regulations at that time).

As at 1 January 2024 and at 31 December 2024, the total number of awards available for grant under the scheme mandate is nil and nil, respectively. As at the date of this annual report, the total number of Shares available for issue under the Share Incentive Scheme was nil, representing 0.00% of the issued Shares (excluding treasury shares) of the Company because all 5,000,000 Domestic Shares in the form of RS under the Share Incentive Scheme have been fully granted and issued.

2023 SHARE INCENTIVE SCHEME

On 29 August 2023, the Board resolved to adopt the 2023 Share Incentive Scheme of granting no more than 5,000,000 Domestic Shares in the form of RS representing 2.98% of the Company's then total issued Shares of 168,000,000 Shares and 2.84% of the total Shares after the Company completes the aforesaid direct issuance of 5,000,000 Domestic Shares (including 3,000,000 Shares under the Share Incentive Scheme are issued on 6 November 2023). The grantees of the 2023 Share Incentive Scheme include certain Directors and senior management of the Company, general manager and core management personnel of the subsidiaries of the Company. The Shareholders approved the 2023 Share Incentive Scheme at the 2023 first extraordinary general meeting of the Company held on 19 December 2023. For further details, please refer to the Company's announcements dated 29 August 2023, 24 November 2023 and 29 November 2023, the circular dated 15 October 2023 and the supplemental circular dated 29 November 2023.

The Company has applied to the CSRC and has received the CSRC's approval dated 13 March 2024 for the allotment and issuance of 5,000,000 new Domestic Shares under the 2023 Share Incentive Scheme. For more details, please refer to the Company's announcement dated 15 March 2024.

The principal terms of the 2023 Share Incentive Scheme are set out below:

Purpose of the 2023 Share Incentive Scheme

The purpose of the 2023 Share Incentive Scheme is to further establish and improve the incentive mechanism of the Group, fully mobilize the enthusiasm of the Group's management personnel, continuously introduce various excellent senior management talents and promote the realization of the Group's overall strategic goals under the premise of fully protecting the interests of Shareholders and pursuant to the current relevant laws and regulations, the Listing Rules and the Articles etc.

Lock-up Period

The shares obtained by the employees under the 2023 Share Incentive Scheme will be subject to a lock-up period of 60 months (the "**Lock-up Period**") commencing from the date of grant as approved by the Board. If the 2023 Share Incentive Scheme will adopt the approach of issuance in installments, then the Shares to be issued in subsequent installments will be subject to the same Lock-up Period as that of the shares to be issued in the first installment. The Lock-up Period aligns with the Scheme's purpose of promoting the realization of the Company's overall strategic goals and protecting the interests of shareholders.

Maximum Entitlement of Each Grantee

Where any grant of Domestic Shares to a Grantee would result in the Shares issued and to be issued in respect of all options and awards granted to such grantee (excluding any options and awards lapsed in accordance with the terms of the 2023 Share Incentive Scheme or any other share schemes) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total issued Shares, such grant must be separately approved by the Shareholders at the general meeting, with such grantee and his/her close associates (or associate if the grantee is a connected person) abstaining from voting, and the Company must send a circular to the Shareholders.

REPORT OF THE DIRECTORS

Where any grant of Domestic Shares to a grantee that is a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of Shares in issue, such further grant of awards must be approved by the Shareholders at general meeting, with such grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting.

Vesting Period

The restricted shares granted under the 2023 Share Incentive Scheme will vest immediately on the date of grant. The scheme does not impose a vesting period with regard to the restricted shares granted under the 2023 Share Incentive Scheme in order to provide more incentives for them to achieve their respective performance targets and make long-term contribution to the development of the Company. Considering that such vesting arrangements are appropriate for retaining, incentivizing, rewarding, remunerating and compensating valuable employees and the restricted shares granted under the 2023 Share Incentive Scheme will be subject to a total vesting and holding period (i.e., the Lock-up Period) of more than 12 months, the Remuneration Committee is of the view that such arrangement with no vesting period is justifiable and aligns with the purposes of the scheme.

Determination Basis of Grant Price

On the basis of completion of financial auditing and assets evaluation, and under the principle that the issuance price shall not be lower than the net assets per share of the Company as of 31 December 2022, taking into account the actual cost factors such as amount of capital contribution required to be paid by the grantee in order to acquire the relevant restricted shares and tax obligations etc., the Company decided to determine the grant price of the restricted shares to be RMB12.0 per Domestic Share, and calculate the price of each partnership interest based on the total interest of the employee shareholding platform.

Remaining Life of the 2023 Share Incentive Scheme

The validity period of the 2023 Share Incentive Scheme commences from the date when it is approved at the extraordinary general meeting on 19 December 2023 to the date when all RS granted under the 2023 Share Incentive Scheme are unlocked or repurchased and cancelled, the longest period of which shall not exceed ten (10) years. As at 31 December 2024, the remaining life of the 2023 Share Incentive Scheme is approximately 9 years.

Details of the RS granted under the 2023 Share Incentive Scheme are set out below:

Name of Grantee	Category of Grantee	Date of Grant	Lock-up period	Exercise Period	Vesting Period	As at 1 January 2024	Granted during the Reporting Period	Attributed during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	As at 31 December 2024	Grant price	Fair value of the awards as at the date of grant
Dr. Liang Dongke	Director and general manager	19 March 2024	60 months from grant	12 months after obtaining the CSRC approval	Nil	Nil	1,760,000	Nil	Nil	1,760,000	RMB12.0	RMB16.85
Mr. Lin Sen	Director	19 March 2024	60 months from grant	12 months after obtaining the CSRC approval	Nil	Nil	300,000	Nil	Nil	300,000	RMB12.0	RMB16.85
Dr. Song Yuan	Director	19 March 2024	60 months from grant	12 months after obtaining the CSRC approval	Nil	Nil	300,000	Nil	Nil	300,000	RMB12.0	RMB16.85
Mr. Wang Ruiqin	Director	19 March 2024	60 months from grant	12 months after obtaining the CSRC approval	Nil	Nil	100,000	Nil	Nil	100,000	RMB12.0	RMB16.85
Others	Employees	19 March 2024	60 months from grant	12 months after obtaining the CSRC approval	Nil	Nil	2,540,000	Nil	Nil	2,540,000	RMB12.0	RMB16.85

As at 1 January 2024 and 31 December 2024, the total number of awards available for grant under the scheme mandate is 5,000,000 and nil, respectively. As at the date of this annual report, the total number of Shares available for issue under the 2023 Share Incentive Scheme was nil, representing 0.00% of the issued Shares (excluding treasury shares) of the Company because all 5,000,000 Domestic Shares in the form of RS under the 2023 Share Incentive Scheme have been fully granted and issued.

The number of the Shares that may be issued in respect of awards under all share schemes of the Company (i.e. nil) during the Reporting Period divided by the weighted average number of Shares in issue (excluding treasury shares) for the Reporting Period is not applicable.

REPORT OF THE DIRECTORS

H SHARE AWARD AND TRUST SCHEME

Reference is made to the announcements of the Company dated 18 March 2022 and 16 May 2022 and the circular of the Company dated 11 April 2022 in relation to, among others, the adoption of the H Share Award and Trust scheme. The adoption of H Share Award and Trust Scheme was approved by the Shareholders at the Company's annual general meeting held on 16 May 2022. For the principal terms of the H Share Award and Trust Scheme, please refer to the circular of the Company dated 11 April 2022. The H Share Award and Trust Scheme involves no issue of new shares or granting of option for any new securities of the Company. The H Share Award and Trust Scheme constitutes a share scheme involving existing shares under Chapter 17 of the Listing Rules as effective since 1 January 2023.

As at 31 December 2024, the Company has not granted any H Shares to any participant under the H Share Award and Trust Scheme.

The principal terms of the H Share Award and Trust Scheme are set out below:

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 the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

Eligible Participant who may participate in the H Share Scheme include any full-time PRC or non-PRC employee of any members of the Group, who is a Director (other than independent non-executive Directors), Supervisor, senior management, key operating team member, employee, or, a consultant of the Group.

Subject to the H Share Scheme Rules, the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price is 10,420,000 H Shares.

Upon approval by the Board or the Delegatee, and subject to the vesting conditions set out in the H Share Scheme Rules, all Awards under the H Share Scheme shall be vested in multiple tranches as specified in the Award Letter. The specific commencement and duration of each 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 or the Delegatee.

If the award is vested in the form of Award Shares, the Selected Participant shall assume the Grant Cost for accepting the Award Shares, namely the Grant Cost (the product of the grant price of the Award Shares on the Grant Date multiplied by the number of Award Shares granted to a Selected Participant by the Board of Delegatee (subject to the final determination by the Board or the Delegatee), shall be deducted from the actual selling price of the Award Shares.

Total Number of Shares Available for Issue

Subject to the terms of the H Share Award and Trust Scheme, the maximum size of the H Share Award and Trust Scheme shall be the maximum number of H Shares that will be acquired by the trustee appointed by the Company (the "**Trustee**") through on-market transactions from time to time at the prevailing market price, and at any case being 10,420,000 H Shares, which accounts for approximately 5.92% of the Company's total share capital as at the date of this annual report.

Maximum Entitlement of Each Participant

The total number of non-vested Award Shares granted to the participants under the H Share Award and Trust Scheme shall not exceed 1% of the total number of Shares issued by the Company from time to time.

Purchase Price and Basis of Determination

The source of the Award Shares under the H Share Award and Trust Scheme shall be H Shares to be acquired by the Trustee 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 Award and Trust Scheme. The Board may specify in the instructions given to the Trustee 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 to the Trust the necessary funds and instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price. The Trustee shall as soon as reasonably practicable thereafter proceed to acquire such number of H Shares as instructed by the Company on market at the prevailing market price.

Remaining Life of the H Share Award and Trust Scheme

The H Share Award and Trust Scheme will expire on the 10th anniversary of 16 May 2022 when it was adopted at the 2022 AGM. As at 31 December 2024, the remaining life of the H Share Award and Trust Scheme is approximately 7 years.

CONNECTED TRANSACTIONS

Continuing Connected Transactions

During the year ended 31 December 2024, details of the Group's continuing connected transactions subject to the reporting, annual review, announcement requirements are set out as follows:

Continuing connected transaction	Date	Connected person	Description and purpose of the transaction	After revision annual cap for the year ended 31 December 2024	Actual transaction value for the year ended 31 December 2024
Medical Accessories and Molds Sales Framework Agreement (as defined below)	14 January 2022	KDL	Sale of certain medical accessories and molds by the Company to KDL and/or its subsidiaries or associated companies	RMB20.00 million	RMB18.21 million

REPORT OF THE DIRECTORS

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

Medical Accessories and Molds Sales Framework Agreement

On 14 January 2022, the Company entered into a procurement framework agreement dated 14 January 2022 with Kindly to update and renew the medical accessories and molds sales framework agreement dated 31 December 2018 and supplemented by a supplemental procurement framework agreement dated 14 October 2019 (the "**Medical Accessories and Molds Sales Framework Agreement**"), the principal terms of which are set out as follows:

(i) the Group will sell to KDL and/or its subsidiaries or associated companies (the "**Purchaser**") certain medical accessories and molds manufactured by the Group;

(ii) with respect to specific product requests that may be identified in the future, the Group and the Purchaser will enter into separate individual agreements or work orders to provide for the specific terms and conditions according to the principles;

(iii) unless agreed by both parties after arm's length negotiations and with reference to the market prices, quantities, delivery methods of the medical accessories and/or molds and historical transaction amounts, purchase price for the medical accessories and/or molds shall be calculated according to the price list which had been determined on a cost-plus basis and as set out in the Medical Accessories and Molds Sales Framework Agreement. Such prices shall be no less favourable than prices at which the Group charges independent third parties in comparable transactions; and

(iv) the Medical Accessories and Molds Sales Framework Agreement is effective from 14 January 2022 to 31 December 2024 and may be renewed conditional on the fulfillment of the relevant requirements under the relevant laws, regulations and the Listing Rules.

Annual caps

On 19 August 2024, the Board resolved to revise the annual cap for the year ended 31 December 2024 under the Medical Accessories and Molds Sales Framework Agreement. For further details, please refer to the announcement of the Company dated 19 August 2024. For the year ended 31 December 2024, the annual transaction amount after revision under the Medical Accessories and Molds Sales Framework Agreement shall not exceed RMB20.00 million.

During the Reporting Period, the transaction amount received/receivable by the Group from the Purchaser under the Medical Accessories and Molds Sales Framework Agreement was RMB18.21 million.

Review by and confirmation of independent non-executive Directors of the Company

The independent non-executive Directors have reviewed the above continuing connected transactions, and after due and careful enquiry with the management of the Group, confirmed that such transactions were:

(i) carried out in the ordinary and usual course of business of the Group;

(ii) made on normal commercial terms or better; and

(iii) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable, and in the interests of the Shareholders as a whole.

The independent non-executive Directors are satisfied that they have received and reviewed sufficient information to give the confirmations above.

Confirmation of the auditor

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the above mentioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The auditor of the Company had 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) are not carried out in accordance with the pricing policies of the Group in all material respects;

(iii) are not carried out in accordance with the related transaction agreement in any material respects; and

(iv) exceed the relevant annual caps as disclosed in the Prospectus.

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

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

MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed in the paragraph headed "Connected Transactions" in this annual report, the related party transactions as set out in note 30 to the consolidated financial statements are not regarded as connected transactions or were exempt from reporting, announcement and Shareholders' approval requirements under the Listing Rules.

PRE-EMPTIVE RIGHTS

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

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

During the Reporting Period, the trustee of the H Share Award and Trust Scheme repurchased 800,000 H shares on the Stock Exchange to satisfy the grant of awards pursuant to the H Share Award and Trust Scheme. No awards was granted as at 31 December 2024 under the H Share Award and Trust Scheme.

REPORT OF THE DIRECTORS

As at 31 December 2024, there is no treasury shares (as defined under the Listing Rules) held by the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period.

EQUITY-LINKED AGREEMENT

Same as disclosed in the paragraphs headed "Share Incentive Scheme", "2023 Share Incentive Scheme" and "H Share Award and Trust Scheme" above, the Company had not entered into any equity-linked agreement for the year ended 31 December 2024, nor did any equity-linked agreement subsist as at 31 December 2024.

BANK BORROWINGS AND GEARING RATIO

As at 31 December 2024, the Group's loan of approximately RMB227.26 million was borrowed from banks in the PRC, as compared to approximately RMB79.12 million as at 31 December 2023. As such, the gearing ratio is 13.64% (2023: 5.65%).

DONATIONS

For the year ended 31 December 2024, the Group donated RMB20,000 for the charity activity of "Beloved under the Blue Sky" and RMB50,000 for the "Shanghai Jiading Society for Promotion of the Guangcai Program".

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 December 2024.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Save for the deviation from code provision C.2.1 of Part 2 of the CG Code as disclosed in the section headed "Corporate Governance Report" below, the Board is of the opinion that the Company has complied with the applicable code provisions under the CG Code throughout the Reporting Period. Principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 45 to 58 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

CLOSURE OF THE REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 23 April 2025 to Friday, 23 May 2025, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of H Shares), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for the holders of Domestic Shares), not later than 4:30 pm on Tuesday, 22 April 2025.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

There was no incident of non-compliance with relevant laws and regulations that had a significant impact on the Group during the Reporting Period.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Establishment of Limited Partnership

Reference is made to the announcement of the Company dated 27 February 2025 in relation to the establishment of a limited partnership. The Company entered into a partnership agreement with Shanghai Science & Technology Investment Co., Ltd.* (上海科技創業投資股份有限公司) (as the co-general partner and the Fund Manager), Shanghai Chenyao Xinchen Enterprise Management Service Co., Ltd.* (上海辰耀新晨企業管理服務有限公司) (as the co-general partner), Shanghai Venture Investment Co., Ltd.* (上海創業投資有限公司) (as a limited partner), Shanghai Xingjia Phase II Private Investment Fund Partnership (Limited Partnership)* (上海興嘉二期私募投資基金合夥企業（有限合夥）) (as a limited partner), and Shanghai Jiangqiao Yihong Investment Development Co., Ltd.* (上海江橋億虹投資發展有限公司) (as a limited partner) in relation to the establishment of, and investment in, the Shanghai Chenyao Xinchen Private Investment Fund Partnership (Limited Partnership)* (上海辰耀新晨私募投資基金合夥企業（有限合夥）) (the "Chenyao Xinchen Fund"). The Company shall participate in the Chenyao Xinchen Fund as a limited partner and make a capital commitment of RMB100.0 million. Save as disclosed above, there were no other significant events after the Reporting Period.

AUDITORS

At the annual general meeting of the Company held on 18 May 2023, KPMG Huazhen LLP has been appointed as the domestic auditor of the Company for the year 2023. For details, please refer to the circular of the Company dated 14 April 2023. KPMG and KPMG Huazhen LLP had been appointed as the international and domestic auditors of the Company in respect of the financial statements for the years ended 31 December 2023 and 2024 prepared in accordance with HKFRS and PRC GAAP, respectively. KPMG and KPMG Huazhen LLP will retire and, being eligible, offer themselves for re-appointments as the auditors of the Company at the forthcoming AGM. These financial statements were prepared in accordance with HKFRS and have been audited by KPMG. Save as disclosed above, there was no change in the auditors of the Company in the preceding three years.

By order of the Board
Shanghai INT Medical Instruments Co., Ltd.*
上海瑛泰醫療器械股份有限公司
Dr. Liang Dongke
Chairman

Shanghai, the PRC
18 March 2025

REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee, in compliance with the relevant requirements of the Company Law of the PRC 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 the Shareholders.

During the Reporting Period, the Supervisory Committee had reviewed cautiously 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 Company Law of the PRC and the Articles, and in the interests of the Shareholders.

We have reviewed and agreed to the report of the Directors, audited financial statements and the dividend to be proposed by the Board for presentation at the forthcoming AGM. 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 Shareholders as a whole and under fair and reasonable terms.

As of today, none of the Directors and senior management of the Company had been found to have abused their authority, damaged the interests of the Company or infringed upon the interests of the Shareholders and employees. None of them was found to be in breach of any laws and regulations or the Articles.

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

By Order of the Supervisory Committee
Shanghai INT Medical Instruments Co., Ltd.*
上海瑛泰醫療器械股份有限公司
Ma Huifang
Chairperson of the Supervisory Committee

Shanghai, the PRC
18 March 2025

CORPORATE GOVERNANCE REPORT

The Board is committed to achieve good corporate governance standards to protect the Shareholders' interest and enhance the Company's transparency and accountability. The Company's corporate governance practices are based on the CG Code contained in Appendix C1 of the Listing Rules on the Stock Exchange.

SUMMARY OF CORPORATE GOVERNANCE

The Company has established a corporate governance structure comprising general meeting, the Board, the Supervisory Committee and the management in accordance with Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Listing Rules. Such structure gives a clear division of authority and responsibilities among the authority, decision-making and regulatory bodies and the management, and creates a balances mechanism and mutual coordination for standard operation.

CORPORATE GOVERNANCE CODE

The Company's H Shares have been listed on the Stock Exchange since 8 November 2019. During the Reporting Period, save for the deviation from code provision C.2.1 of Part 2 of the CG Code as described in the paragraph headed "Chairman and Chief Executive" below, the Company has complied with all the code provisions set out in Corporate Governance Code in Appendix C1 to the Listing Rules and adopted substantially all the recommended best practices therein.

THE BOARD

During the Reporting Period and as at the date of this annual report, the composition of the Board is as follows:

Executive Directors

Dr. Liang Dongke (梁棟科) *(Chairman)*
Mr. Lin Sen (林森)

Non-executive Directors

Mr. Zhang Weixin (張維鑫)
Ms. Chen Hongqin (陳紅琴)
Dr. Song Yuan (宋媛)
Mr. Wang Ruiqin (王瑞琴)

Independent non-executive Directors

Mr. Jian Xigao (蹇錫高)
Mr. Hui Hung Kwan (許鴻群)
Mr. Xu Congli (徐從禮)

The biological information of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" on pages 123 to 129 of this annual report. Save as disclosed in their respective biographies, the Directors, Supervisors and senior management members do not have financial, business, family or other material relationships with one another.

With regard to the CG code provision requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as the identity and the time involved to the issuer, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

CORPORATE GOVERNANCE REPORT

Responsibilities

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board has delegated to the senior management of the Group the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Audit Committee, Remuneration Committee and Nomination Committee and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

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

Chairman and Chief Executive

Code provision C.2.1 of Part 2 of the CG Code provides that that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.

Dr. Liang Dongke is our chairman of the Board and the general manager (same as a chief executive) of the Company. With extensive experience in the medical devices industry and as the founder of the business of the Group, Dr. Liang is in charge of overall management, business, strategic development and scientific research and development of the Group.

The Board considers that vesting the roles of chairman and general manager in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the Board, the Supervisors and the senior management members of the Company, which comprises experienced and visionary individuals. The Board currently comprises two executive Directors (including Dr. Liang), four non-executive Directors and three independent non-executive Directors, and therefore has a strong independence element in its composition. The Board shall review the structure from time to time to ensure that the structure facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation.

Board Diversity and Workforce Policy

The Company has adopted the Board Diversity Policy, pursuant to which the 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. 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 two Directors of age 41 to 50 years old, six Directors of age 51 to 60 years old and one Director of over 60 years old. The Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation.

The total gender diversity of the Group is balanced, at 63.0%, representing 1,093 female out of 1,735 employees (including senior management) as at 31 December 2024. To support diversity across all facets, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours.

Corporate Governance Functions

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

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

Independent Non-executive Directors

Since the Company's Listing in November 2019, the Board has at all times exceeded the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmation on independence from each of the independent non-executive Directors of the Company. The Company considers that each of its independent non-executive Director is independent in accordance with Rule 3.13 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as a code of conduct of the Company for Directors' and Supervisors' securities transactions. Having made specific enquiry of all Directors and Supervisors, the Directors and the Supervisors have complied with the required standard set out in the Model Code during the Reporting Period. Employees who are, or likely to be, in possession of unpublished inside information in relation to the Company or the Shares are prohibited from dealing in the Shares during the black-out period.

Delegation by the Board

The Board undertakes responsibility for decision making in major matters of the Group, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Company has established mechanism to ensure that each Director is normally able to seek independent professional advice, views and input in appropriate circumstances at the Company's expense, upon making request to the Board. During the Reporting Period, the Board reviewed the implementation and effectiveness of such mechanism.

CORPORATE GOVERNANCE REPORT

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract with our Company for a term of three years and which are renewable upon expiry and subject to re-election upon expiry of their term of office in accordance with the Articles and applicable laws, rules and regulations.

Each of the Supervisors has entered into a service contract with our Company for a term of three years and in respect of, among others, compliance with relevant laws and regulations, observation of the Articles and provision on arbitration.

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

CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director shall receive formal and comprehensive induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors will be continuously updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company update the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

According to the records maintained by the Company, all Directors participated in trainings regarding the knowledge of the Listing Rules and other legislations, as well as the knowledge in relation to responsibilities of directors of a listed company. In addition, relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying.

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors for the year ended 31 December 2024 is summarized as follows:

Name of Director	Reading materials relevant to corporate governance and regulations	Attending training session(s) relevant to corporate governance and regulations
Executive Directors		
Dr. Liang Dongke (梁棟科) *(Chairman)*	√	√
Mr. Lin Sen (林森)	√	√
Non-executive Directors		
Mr. Zhang Weixin (張維鑫)	√	√
Ms. Chen Hongqin (陳紅琴)	√	√
Dr. Song Yuan (宋媛)	√	√
Mr. Wang Ruiqin (王瑞琴)	√	√
Independent Non-executive Directors		
Mr. Jian Xigao (蹇錫高)	√	√
Mr. Hui Hung Kwan (許鴻群)	√	√
Mr. Xu Congli (徐從禮)	√	√

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to the requirements of the Articles, Directors (including non-executive Directors) shall be elected at the general meeting with a term of three years. A Director shall be eligible for re-election on 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.

COMPENSATION OF DIRECTORS, SUPERVISORS 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 Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in note 8 and 9 to the consolidated financial statements on pages 170 to 172 of this annual report.

For the Reporting Period, no emoluments were paid by the Group to any Directors, 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 year ended 31 December 2024.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2024, by our Group to or on behalf of any of the Directors.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS AND GENERAL MEETING

Pursuant to code provision C.5.1 of Part 2 of the CG Code, the Company has adopted the practice of holding Board meetings for at least four times a year at approximately quarterly intervals. Notice of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting in accordance with code provision C.5.3 of Part 2 of the CG Code.

All Directors are provided with agenda and relevant information not less than three days before a Board meeting. They have access to the senior management and the joint company secretaries of the Company at all times and, upon reasonable request, may seek independent professional advice at the Company's expense.

Minutes of Board meetings are kept by the secretary to the Board with copies circulated to all Directors for information and records. Minutes of Board meetings and committee meetings record sufficient detail of the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of Board meetings and committee meetings are sent to the Directors for comments within a reasonable time after the date on which a meeting is held. The minutes of the Board meetings are open for inspection by Directors.

During the Reporting Period, the Company held 9 Board meetings and one annual general meeting in total. The attendance of Directors at Board meetings during the Reporting Period are set out below.

Directors	Number of Board meetings attended/eligible to attend	Attendance rate
Executive Directors		
Dr. Liang Dongke (梁棟科) *(Chairman)*	9/9	100%
Mr. Lin Sen (林森)	9/9	100%
Non-executive Directors		
Mr. Zhang Weixin (張維鑫)	9/9	100%
Ms. Chen Hongqin (陳紅琴)	9/9	100%
Dr. Song Yuan (宋媛)	9/9	100%
Mr. Wang Ruiqin (王瑞琴)	9/9	100%
Independent non-executive Directors		
Mr. Jian Xigao (蹇錫高)	9/9	100%
Mr. Hui Hung Kwan (許鴻群)	9/9	100%
Mr. Xu Congli (徐從禮)	9/9	100%

CORPORATE GOVERNANCE REPORT

Directors	Number of annual general meetings attended/eligible to attend	Attendance rate
Executive Directors		
Dr. Liang Dongke (梁棟科) *(Chairman)*	1/1	100%
Mr. Lin Sen (林森)	1/1	100%
Non-executive Directors		
Mr. Zhang Weixin (張維鑫)	1/1	100%
Ms. Chen Hongqin (陳紅琴)	1/1	100%
Dr. Song Yuan (宋媛)	1/1	100%
Mr. Wang Ruiqin (王瑞琴)	1/1	100%
Independent non-executive Directors		
Mr. Jian Xigao (蹇錫高)	1/1	100%
Mr. Hui Hung Kwan (許鴻群)	1/1	100%
Mr. Xu Congli (徐從禮)	1/1	100%

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, to handle particular responsibilities of the Board and the Company's affairs.

All Board committees of the Company are established with defined written terms of reference that have been uploaded to the respective websites of the Stock Exchange and the Company, and are provided with sufficient resources to discharge their duties.

Audit Committee

The Company established the Audit Committee in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code and the roles and responsibilities delegated to the Audit Committee by the Board.

The Audit Committee is primarily responsible for the appointment of external auditor; reviewing the Group's financial information and overseeing the Group's financial reporting system, risk management and internal control procedures, supervising the Company's internal audit function and reviewing its effectiveness, reviewing the Company's compliance with the relevant terms and rules, reviewing the interim and annual results of the Group, appointment, re-appointment and removal of external auditor, prior to recommending them to the Board for approval, and other matters that the Board has authorized it to deal with.

The Audit Committee consists of two independent non-executive Directors, Mr. Hui Hung Kwan (chairman of the Audit Committee) and Mr. Xu Congli, and one non-executive Director, Dr. Song Yuan.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Audit Committee held 6 meetings to review the interim, annual financial results and reports systems and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors, connected transactions and arrangements for employees to raise concerns about possible improprieties. A summary of the attendance record of the Audit Committee members is set out in the table below.

Committee members	Number of meetings attended/ eligible to attend	Attendance rate
Mr. Hui Hung Kwan	6/6	100%
Dr. Song Yuan	6/6	100%
Mr. Xu Congli	6/6	100%

During the Reporting Period, the Audit Committee reviewed and was of the opinion that the Group's consolidated financial statements for the year ended 31 December 2024 and the unaudited condensed consolidated financial statements for the six months ended 30 June 2024 complied with the applicable accounting principles, standards and requirements and that adequate disclosures were made, reviewing the effectiveness of risk management and internal control system in accordance with code provision D.2.1 of the CG Code, considering the appointment and re-appointment of external auditors of the Company, reviewing their independence and their audit scope and fees. The Audit Committee therefore recommend for the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2024.

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the requirements of the CG Code and the roles and responsibilities delegated to the Nomination Committee by the Board. The nomination Committee should seek independent professional advice to perform its responsibilities, when necessary, at the Company's expense.

The Nomination Committee is primarily responsible for screening and nominating candidates for Directors and members of the board committees of the Company and assessing the candidates' qualifications, including proposing to the Board on its size and composition in accordance with the Company's operating results, assets and shareholding structure, reviewing the procedures and criteria for determining the candidates for Directors and the chief executive officer of the Company and making proposals to the Board, assisting the Board in assessing and reviewing the independence of the independent non-executive Directors, and performing regular review on contributions made by the Directors and the sufficiency of their time devoted to perform their duties. The Company has adopted nomination policy, which is incorporated in the terms of reference of the Nomination Committee and sets out the selection criteria and nomination procedures for identifying and recommending candidates for appointment or re-appointment of Director. The Nomination Committee conducts extensive searches for candidates for Directors and senior management after considering the Company's requirements. With the consent of the nominees, a meeting of the Nomination Committee will be convened to vet the qualifications of the shortlisted nominees and recommend candidates for Directors and new senior management appointments to the Board and furnish relevant materials.

The Nomination Committee currently consists of one executive Director, Dr. Liang Dongke (chairman of the Nomination Committee), and two independent non-executive Directors, Mr. Jian Xigao and Mr. Xu Congli.

The Board has adopted a board diversity policy, more details of which are set out in "Board Diversity and Workforce Policy" on page 46 of this annual report. When a vacancy in the Board arises, the Nomination Committee evaluates the balance of skills, knowledge and experience of the Board, and identifies any special requirements for the vacancy. The Nomination Committee will then identify suitable candidates and convene a meeting to discuss and vote on the nomination of directors and make recommendation to the Board on the candidate(s) for directorship. During the Reporting Period, the Board and the Nomination Committee had reviewed the implementation of the Board Diversity Policy and confirmed its still effectiveness.

During the Reporting Period, the Nomination Committee held 1 meeting. A summary of the attendance record of the Nomination Committee members is set out in the table below.

Committee members	Number of meetings attended/ eligible to attend	Attendance rate
Dr. Liang Dongke	1/1	100%
Mr. Jian Xigao	1/1	100%
Mr. Xu Congli	1/1	100%

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with the CG Code and the roles and the responsibilities delegated to the Remuneration Committee by the Board.

The Remuneration Committee is primarily responsible for evaluating the remuneration strategies and policies, performance appraisal and share schemes and other matters regarding the remuneration of Directors, Supervisors and senior management, and making relevant recommendations to the Board. Upon the approval by the Board, relevant recommendations will be proposed for consideration at the general meeting. The Remuneration Committee has adopted the second model described in paragraph E.1.2(c) of Part 2 of the CG Code (i.e. make recommendations to the Board on the remuneration packages of individual executive Directors and senior management members).

The Remuneration Committee consists of two independent non-executive Directors, Mr. Jian Xigao (chairman of the Remuneration Committee) and Mr. Hui Hung Kwan, and one executive Director, Dr. Liang Dongke.

Details of the Directors' emoluments and the five highest paid individuals are set out in notes 8 and 9 to the consolidated financial statements. During the Reporting Period, the remuneration of each of the members of senior management as named in the section headed "Directors, Supervisor and Senior Management" of this annual report within the remuneration band of RMB0.79 million to RMB1.38 million.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Remuneration Committee held 2 meetings. A summary of the attendance record of the Remuneration Committee members is set out in the table below.

Committee members	Number of meetings attended/ eligible to attend	Attendance rate
Mr. Jian Xigao	2/2	100%
Mr. Hui Hung Kwan	2/2	100%
Dr. Liang Dongke	2/2	100%

SUPERVISORY COMMITTEE

The Supervisory Committee is a supervisory agency of the company which is responsible for the supervision of the Board and its members and senior management such as the general manager and deputy general manager so as to prevent them from the misuse of authority and infringement upon lawful rights of the Shareholders, the Company and the Company's employees. The number of members and the composition of the Supervisory Committee are in line with the provisions and requirements of the laws, regulations and the Articles. During the Reporting Period, the Supervisory Committee was comprised of three Supervisors Ms. Ma Huifang (chairperson of the Supervisory Committee), Ms. Chen Jie and Mr. Shen Xiaoru. Ms. Chen was democratically elected as an employee representative Supervisor by our employees, and Ms. Ma and Mr. Shen were appointed as shareholder representative Supervisors. The background and biographical details of the Supervisors are set out in the section headed "Directors, Supervisors and Senior Management" in this annual report.

The Supervisors shall serve a term of three years, and may be re-elected for successive terms. The chairperson of the Supervisory Committee shall be appointed or removed by the votes of more than two thirds of the members of the Supervisory Committee. Resolutions of the meeting of the Supervisory Committee shall be approved by more than two thirds of the members of the Supervisory Committee.

During the Reporting Period, the Supervisory Committee held 5 meetings. A summary of the attendance record of the Supervisory Committee members is set out in the table below.

Committee members	Number of meetings attended/ eligible to attend	Attendance rate
Ms. Ma Huifang	5/5	100%
Ms. Chen Jie	5/5	100%
Mr. Shen Xiaoru	5/5	100%

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group and for reviewing their effectiveness at least annually, with assistance from the Audit Committee in fulfilling its oversight and corporate governance roles in the Group's financial, operational, compliance and risk management.

CORPORATE GOVERNANCE REPORT

In order to identify, assess and control the risks that may cause impediments to our business, the Group has designed and implemented various policies and procedures to help ensure effective risk management in our operations. Our general manager is ultimately responsible for our risk management. Senior management of the Company implements the risk management policies, strategies and plans set by our general manager. Each business department monitors and evaluates the implementation of risk management and internal control policies and procedures. Our general manager conducts a bi-weekly meeting with senior management and each business department head to discuss among other things, risk management and internal control policies and procedures. At general manager's meetings, depending on the agenda, different department heads will report to our general manager on the relevant agenda items, as necessary. The Directors believe that our corporate structure provides an appropriate system of checks and balances to improve our risk management procedures in a number of important respects.

The Company has an internal audit department, which is responsible for independently reviewing the adequacy and effectiveness of the risk management and internal control system of the Company, and reporting the results to the Audit Committee. Internal control supervisor of the Company is responsible for coordinating the internal control, sorting out and improving the business process and management mechanism, and carrying out the effectiveness evaluation of internal control. In addition to the internal control and internal audit functions, all employees are liable for risk management and internal control within their business scope. Each department shall actively cooperate with the internal control and internal review, report to the management on the important development of the department's business and the implementation of policies and strategies established by the Company, and identify, evaluate and manage major risks in time.

The Company has established risk management and internal control management to build general risk management internal control environment. At present, the Company has built an internal control process framework covering procurement, sales, human resources and compensation management, marketing and promotion management, tax management, capital management, information security and intellectual property rights, financial reporting and disclosure and other business processes and carry out risk assessment regularly to ensure risk management and internal control being in operation effectively.

The Audit Committee was satisfied as to the implementation and effectiveness of the Group's risk management and internal control procedures. There were no matters of material concerns relating to financial, operational or compliance controls. The Board is satisfied with the adequacy of the risk management and internal control procedures of the Group during the Reporting Period.

CORPORATE GOVERNANCE REPORT

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2024 which give a true and fair view of the affairs of the Company and the Group and of the Group's financial performance and cash flows. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's consolidated financial statements for the year ended 31 December 2024 which are put to the Board for approval. The management also provides all members of the Board with monthly updates giving a balanced and understandable assessment of the performance and prospects of the Company.

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

The statement prepared by KPMG, the international auditor of the Company, regarding their reporting responsibilities on the consolidated financial statements of the Company prepared under HKFRS, is set out in the Independent Auditor's Report in this annual report.

AUDITORS' REMUNERATION

During the Reporting Period, the total fee paid/payable in respect of audit and non-audit services provided by the Group's international and domestic auditors, KPMG and KPMG Huazhen LLP is set out below:

Service Category	**Fees Paid/Payable** *(RMB thousand)*
Audit services	3,000
Non-audit services	1,055
Total	4,055

MAIN DUTIES OF INTERNAL AUDIT

The Company has established an internal audit department as its dedicated internal audit function, which is also the executive body for the work of the Audit Committee under the Board. The roles and duties of the internal audit are designated to facilitate the effective operation and management of the Company and provide support to the Board and the Audit Committee is discharging their duties.

JOINT COMPANY SECRETARIES

Dr. Song Yuan, one of our joint company secretaries, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also engaged Ms. Leung Shui Bing, a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider), as another joint company secretary to assist Dr. Song Yuan in discharging her duties as company secretary of the Company. Ms. Leung Shui Bing's primary contact person at the Company is Dr. Song Yuan.

During the Reporting Period, both of Dr. Song Yuan and Ms. Leung Shui Bing had undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for Shareholder(s) to Convene an Extraordinary General Meeting ("EGM")

Shareholders requesting the convening of an EGM shall proceed in accordance with the procedures set forth below.

Two or more Shareholders individually or jointly holding over 10% of the Shares with the voting power at the proposed meeting may sign one or more written requests of identical form of content requesting the Board to hold the EGM or a class meeting.

If the Board fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, the Shareholders who made such request may request the Supervisory Committee to convene the EGM or class meeting.

If the Supervisory Committee fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, for more than 90 consecutive days, Shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may convene the EGM of their own accord within four months upon the Board having received such request. The convening procedures shall, to the greatest extent possible, be identical to procedures according to which the Shareholders' general meetings are to be convened by the Board.

CORPORATE GOVERNANCE REPORT

Procedures for Shareholder(s) to Put Forward Proposals at a General Meeting

When the Company convenes a shareholders' general meeting, Shareholders individually or jointly holding 3% or more of the total voting shares of the Company are entitled to propose new resolutions in writing to the Company and submit them to the convener 10 days before the meeting. The convener of the Shareholders' general meeting shall issue a supplementary notice of the Shareholders' general meeting to other Shareholders within two days upon the receipt of such proposal and incorporate any matters falling within the scope of duties of the shareholders' general meeting into the agenda of such meeting. The new agenda shall be tabled to the shareholders' general meeting for consideration.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's registered office in the PRC at Block 2, No. 925 Jin Yuan Yi Road Jiading District, Shanghai, PRC. Shareholders may also make enquiries with the Board at the general meetings of the Company.

COMMUNICATIONS WITH SHAREHOLDERS

The Company continuously attaches great importance to maintaining and developing investor relations for a long time, enhances transparency of the corporate information by promptly and effectively releasing the corporate information to the public, which has established effective channels for the Company to communicate with investors.

The Company publishes its announcements, financial information and other relevant information on the website at www.int-medical.com, as a channel to facilitate effective communication.

The Board welcomes Shareholders' views and encourages them to attend general meetings to convey any concerns they might have to the Board or the management. Chairman of the Board and the chairman of all committees (or their proxy) will attend the annual general meeting and other general meetings. At the general meetings, all Shareholders attending the meeting may make enquiries to the Directors and other management in respect of matters relevant to the resolutions. The Company has published detailed contact methods through its website, notices of the general meeting, circulars to the Shareholders and annual reports for Shareholders to express their views or make enquiries.

INVESTOR RELATIONS

The Company considers it crucial to provide investors with accurate information in a timely manner and maintains communication with investors through effective communication channels, with an aim to enhance mutual understanding between investors and the Company and to improve the transparency of the Company's information disclosure.

In accordance with the Listing Rules, the Company shall duly disseminate its corporate information via various channels, including regular reports, announcements and company website.

CHANGE IN CONSTITUTIONAL DOCUMENTS

Save for the amendments to the Articles effective on 18 March 2024, there was no change in the constitutional documents of the Company during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 ABOUT THIS REPORT

Report Overview

This is the sixth Environmental, Social and Governance Report ("**ESG Report**") issued by Shanghai INT Medical Instruments Co., Ltd. (hereinafter referred to as the "**Company**") and its subsidiaries (hereinafter referred to as the "**Group**"), which aims to present the performance of the Group in fulfilling its environmental and social responsibility practices in 2024, including key ESG issues concerned by stakeholders.

Basis of Preparation

This report is prepared for the year from 1 January 2024 to 31 December 2024 in accordance with Appendix C2 the Environmental, Social and Governance Reporting Code of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**SEHK**"). This report provides an overview of the Group's activities over the year and will be posted on the website of SEHK and the official website of the Group.

Publication Interval

This is the Group's annual ESG Report, which covers the year from 1 January 2024 to 31 December 2024. The report in the next Reporting Period (year of 2025) is expected to be released in 2026.

Scope of Report

The reporting entities are Shanghai INT Medical Instruments Co., Ltd. and its subsidiaries. The data in respect of their policies, social responsibilities and environmental protection efforts cover all of the Group's business lines.

Sources of Data

The data used in this report are derived from the internal documents and related statistics of Shanghai INT Medical Instruments Co., Ltd. and its subsidiaries.

Reporting Principles

Materiality: We identify major ESG issues through materiality assessment, and the relevant process and results have been disclosed in this report.

Quantitative: The Group makes quantitative disclosure of the key performance indicators with historical data in the areas of "environmental" and "social" according to the requirements of the "Key Performance Indicators" in the Appendix C2 the Environmental, Social and Governance Reporting Code of the Rules Governing the Listing of Securities on the SEHK, makes quantitative disclosure of forward-looking information such as targets as much as possible, and will gradually improve the statistical process to achieve full disclosure in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Balance: This report objectively, fairly and truly discloses the Group's work performance and practice in environmental and social matters in 2024, and discloses the problems encountered and improvement measures in a responsible manner.

Consistency: We adopt a consistent statistical method for disclosure. In this report, we have maintained the same statistical method for the information as disclosed in the previous year's report. For the information disclosed for the first time, we will adopt a consistent statistical method for ESG information disclosure in subsequent years, in order to facilitate meaningful comparisons from year to year.

2 STATEMENT BY THE BOARD

Assuming full responsibility for the Group's ESG strategy and reporting, the Board of the Group is responsible for assessing and determining the Group's ESG-related risks, and ensuring that the Group has an appropriate and effective system for ESG risk management and internal monitoring.

Our development opportunities stem from people's pursuit of longer life and better quality of life. Because of this, we pay special attention to the sustainable development of the Company, establish and improve the ESG governance system, and have the review and decision-making of major ESG issues led by the Board, including identifying and evaluating ESG risks, formulating ESG strategies and policies, establishing management policies and plans, approving and reviewing ESG target management, and approving the annual ESG report and other management content.

Based on the external environment and the Group's development strategy, the Group conducted research on internal and external stakeholders during the Reporting Period, identified key ESG issues, clarified work priorities, including: product health and safety, supply chain management, customer privacy, etc., with focus on reviewing the above issues and improving performance in daily work, and carried out target management accordingly. In the future, we will continue to adjust the strategy and promotion method of sustainable development management according to the expectations of stakeholders and the actual operation of the Group, so as to continuously improve the level of sustainable development.

This report disclosed details of the progress and effectiveness of the Group's ESG work in 2024. The Board of the Group, as the highest responsible and decision-making body for ESG matters, warrants that there are no false representations or misleading statements contained in, or material omissions from this report, and accepts all responsibilities for the truthfulness, accuracy and completeness of this report.

3 CHAIRMAN'S ADDRESS

To all stakeholders,

Adhering to the development philosophy of "innovation serves health, high-quality achieves excellence", we deeply incorporate the concepts of the environmental, social and corporate governance into the corporate strategy, and actively respond to the issue of global sustainable development while realizing high-quality development. In 2024, INT Medical has made significant progress in the field of sustainable development.

International recognition: responsibility and honour go hand in hand: In 2024, INT Medical participated in S&P Global's Corporate Sustainability Assessment (CSA) and was successfully selected into the "Sustainability Yearbook (China Edition) 2024", becoming one of the only four selected companies in the field of healthcare equipment and consumables. This honour is a full affirmation of our long-term practice of the ESG concept, and it also inspires us to promote sustainable development with higher standards.

Since 2019, we have published ESG reports for five consecutive years, systematically disclosing progress in environmental management, social responsibility and governance effectiveness. In 2024, we further optimized the ESG management framework, incorporated climate change risks into the overall risk management system, and significantly improved the transparency and scientific validity of information disclosure through quantifying the impact of climate-related risks.

Environmental management: green transformation and low-carbon practice: With "energy saving and emission reduction" as the core goal, we continue to optimize production processes, and introduce automation equipment and clean energy technology. At the same time, we actively participate in global climate action and plan to achieving net-zero carbon emissions at some time in the future, thus to set a benchmark for the industry's green transformation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social responsibility: technology accessibility and public welfare go hand in hand: As a medical company, we always take improving medical accessibility as our responsibility. In 2024, the Company promoted disposable medical products and health consumer products to the grassroots market, benefiting patients in remote areas. In addition, we cooperated with top universities and hospitals to jointly develop innovative medical devices. This collaboration aims to improve R&D efficiency, reduce costs and promote the innovation and development of related technologies. In terms of employee care, we launched a Share Incentive Scheme. In 2024, this scheme involved a total of 82 employees, including 30 management level employees and 52 non-management employees, covering 4.73% of the Company's total workforce. Non-management employees accounted for 63.41% of the incentive targets. This incentive further strengthens the co-existence relationship between talents and corporate development while stimulating the team's innovative vitality.

Governance innovation: compliance-based and technology-driven: Corporate governance is the cornerstone of the ESG system. In 2024, we adhered to the diversified structure of the Board of Directors and guaranteed the proportion of female Directors. In terms of compliance operations, we have successfully passed the approval of the CSRC on the private placement of shares. The funds raised will be used specifically for the research and development of innovative products and capacity upgrades, further consolidate the Company's long-term competitiveness.

We recognize that ESG is not merely a corporate responsibility, but the essential pathway to achieving harmonious coexistence with society and the environment. Driven by technological innovation and underpinned by our commitment to fulfilling our responsibilities, we are eager to collaborate with all stakeholders to collectively advance sustainable development in the future.

By order of the Board
Liang Dongke
Chairman

Shanghai, the PRC
18 March 2025

4 ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

4.1 Group ESG Strategy

The Group focuses on "innovation serves health, high-quality achieves excellence" in the course of business and is committed to the health undertaking of all human beings. The development of human health industry is closely related to the natural environment and social environment. The development of the Group, on one hand, greatly depends on the natural environment. Therefore, we implement energy saving and emission reduction as well as resource conservation during our business process to do our part for the establishment of a resource conserving and environment-friendly society; On the other hand, the development of the Group also relies on the continuous hard work and innovation of our employees. Therefore, we focus on the build-up of a stable core employee team, provide a platform for their development and make timely adjustment to their remuneration package to let them share the benefit of the Group's development.

We recognize that the development of an enterprise not only depends on itself, but also correlates with the demands of people who use our products and receive our services, as well as the coordinated development of our clients and business partners. Besides, in a long term, the development of an enterprise is not only reflected on economic efficiency, but also on the environment efficiency and social efficiency in order to realize sustainable development. Our operation principle is identical with the principle of sustainable development. Growing together, shouldering responsibilities together, and sharing together are not only mutual commitments between the Group and all employees, but also an important commitment made by the Group to its customers and business partners.

The Group has integrated ESG concepts with corporate strategy and operational management to form ten assessment indicators in the areas of finance, business, strategy, compliance, and market environment to regularly measure business development from a results- and value-oriented perspective.

Assessment dimensions	Assessment of indicators	Content of the assessment
Financial affairs	Revenue growth	Measure the extent to which the Company's business has expanded and its market share has increased
	Profitability	Reflect the profitability of the Company
	Cash flows	Measure the liquidity of the Company to ensure that funds are available for day-to-day operations and investments
Business	Customer satisfaction	Reflect the quality of products and services and the maintenance of customer relationships
	Return rate	Measure the effectiveness of product quality and customer service

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Assessment dimensions	Assessment of indicators	Content of the assessment
Strategy	Number of intellectual property rights	Reflect the Company's technological strength and market competitiveness
	Number of research and development personnel	Reflect the Company's ability to innovate and its potential for long-term growth
Compliance	Compliance training exam pass rate	Measure employee knowledge of compliance
	Compliance audit pass rate	Reflect the Company's implementation of compliance requirements
Market environment	Market share	Measure the Company's competitive position in a specific market

4.2 Group ESG Governance Structure

The Group has established a top-down ESG governance structure, whereby the Board of Directors continuously evaluates and monitors the progress and effectiveness of ESG efforts, regularly reviews the Company's ESG strategy and implementation, and conducts in-depth evaluation of and decision-making on major ESG issues to ensure that the Company's ESG policies and strategies are aligned with its long-term value creation objectives. In addition, it has also assumed the supervisory responsibility for the Group's environmental and social matters, including risk assessment, prioritization and risk management, and monitoring and reviewing the Group's performance in environmental and social matters, so as to guide the direction and methods of sustainable development. The Board of Directors holds meetings on ESG matters at least once a year, and increases the frequency appropriately based on actual needs.

At the executive level, the Group has also set up an ESG working group led by senior management with the participation of middle management from all major divisions and subsidiaries, which is responsible for collecting data and information on ESG-related aspects of the Company (e.g. energy consumption, water consumption, GHG emissions, employee remuneration, production safety, etc.), and analyzing and calculating the data collected on a quarterly basis or as necessary to assess the Company's sustainability and risks. The ESG working group reports quarterly and may do so at any time in case of exceptional circumstances or urgent needs. The members of the Group's ESG working group are from the General Manager's Office, the Technology Department, the Finance Department, the Administration Department, the Marketing Department, the Quality Department, the Production Department, etc., covering all relevant departments of the Group's daily management.

The Board of Directors not only has the responsibility of making decisions, but also shoulders the important task of continuously evaluating and monitoring the progress and effectiveness of ESG efforts. The Board of Directors will regularly review the formulation and implementation of the Company's ESG strategy to ensure that it plays its due role in promoting sustainable development and reducing risks.

To motivate and retain outstanding talents and promote long-term stable development, we launch the Share Incentive Scheme for the management and employees below the management. This scheme covers 82 employees, accounting for 4.73% of the total number of employees, including 30 employees at the management level and 52 non-management employees which account for 63.41% of the incentive targets. By indirectly holding the stocks of the Company and its subsidiaries via 6 stock holding platforms, this scheme is valid for excellent backbone employees with over five-year service for 10 years, with a 5-year lock-up period. Employees can be unlocked only if they achieve the predetermined performance targets or specific job indicators of the Company, including financial indicators, non-financial indicators, and some indicators related to sustainable development performance (such as environmental protection, social responsibility, etc.). This measure is aimed at enhancing employees' sense of belonging and responsibility, improving their work enthusiasm, promoting teamwork, and ultimately driving the sustainable development of the Company.

4.3 Risk Management

The Group has continued to improve its risk management system and strengthened the level of risk management in terms of system construction, assessment and analysis, and supervision and improvement, so as to safeguard the sound development of its business and effectively enhance the Company's anti-risk capability.

Risk Identification for Effective Prevention

The Group has established a risk governance structure with a sound organizational structure and clear boundaries of responsibilities, clarified the division of responsibilities among the Board of Directors, the general meetings, and the internal audit department in risk management, and established a multi-level, coordinated and effective balanced operational mechanism. The Group has also further clarified its internal risk reporting process, with the most senior person responsible for risk management at the operational level reporting to the Board of Directors at least annually. The most senior person in the Internal Audit Department is responsible for monitoring and auditing the performance of risk management, communicating with and listening to feedback based on the reporting process of "General Manager — Chairman of the Board of Directors — Board of Directors — General meetings". At the level of the Board of Directors, ESG-related risks are continuously monitored to ensure that the Company is fully aware of ESG-related risks and has taken comprehensive management measures.

The operational risks of the business line are fully managed by specialized operation roles, such as the head of business department. His/her main responsibilities include: development and continuous optimization of business processes to ensure compliance and efficiency, comprehensive evaluation and real-time monitoring of operational risks, and implementation of control measures according to the risk situation. The department head regularly checks the implementation of business process to accurately identify the risk points and promptly adjusts and improves relevant processes, ensuring the stable operation of business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group provides risk management training to non-executive directors on a regular basis to ensure that they have a more comprehensive understanding of the risk profile that the Company may face and to assist them in providing more forward-looking strategic guidance for the development of the Company. The training covers the basic concepts, methods and techniques of risk management, as well as how to assess and manage the various risks faced by the business (e.g. market risk, credit risk, operational risk, etc.).

	Sensitivity analysis	Pressure test	Risk profile	Response
Financial risk	Change the values of key financial variables such as interest rates, exchange rates and stock prices, and observe the extent of impact of changes on the value and returns of the financial assets of the Company.	Simulate extreme market scenarios, such as financial crises, and economic downturns, and assess the Company's financial conditions and risk exposure in these scenarios.	Financial risks arise mainly from liquidity, foreign exchange movements and changes in interest rates. — Financial liquidity may affect R&D, production and sales activities; — Foreign exchange fluctuations may affect the costs and revenues of foreign trade operations; and — Changes in interest rates may have an impact on the Company's borrowing and financing costs.	By establishing close cooperation with financial institutions, expanding diversified financing channels, and carrying out reasonable foreign exchange management to maintain sufficient cash flow.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Sensitivity analysis	Pressure test	Risk profile	Response
Strategic business risk	Analyze the impacts of key strategic factors (such as changes in market demand, adjustments in competitor strategies, and progress in new product development) on the achievement of the strategic targets of the Company. For example, assess the impact of a decrease in market demand by 20% on the market share and profits of the Company to determine the most critical strategic factor for the business development of the Company.	Set some unfavorable strategic scenarios, such as launching disruptive products by major competitors, and major adjustments of industry policies, and test elasticity and adaptability of strategies of the Company. By evaluating the Company's business performance and response capabilities in these extreme scenarios, develop response strategies and adjustment plans in advance.	Strategic business risks relate to the competitive position of the Company's core business, technological upgrades and changes in customer demand. If the Company's technology and products fail to keep up with market demand or are overtaken by competitors, this may affect its market position.	Continuous R&D and innovation, and introducing new technologies and products to improve production efficiency and product quality; Conduct market research, maintain close communication with customers and provide quality products based on market demand; and Regularly assess the effectiveness of the Company's strategy and adjust or optimize the strategy in light of industry dynamics and technology trends.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Sensitivity analysis	Pressure test	Risk profile	Response
Market/ business environment risk	Investigate the impacts of macroeconomic indicators (such as GDP growth rate, inflation rate, and unemployment rate) and industry environmental factors (such as changes in industry regulations, and speed of technological innovation) on the business of the Company.	Create extreme adverse scenarios in the market/business environment (such as global economic crisis and large-scale industry decline), and assess the survival and business recovery capabilities of the Company in these scenarios. For example, simulate the higher requirements in industry regulations, resulting in limitation to some businesses of the Company, and test whether the Company can respond to the crisis by adjusting its business structure and operating mode.	Market/business environment risks involve changes in policies and regulations, changes in the economic situation, and social and cultural factors. For example, strict policy regulation of the medical device industry may affect the Company's operations in terms of increased access thresholds and restricted sales channels.	Establish a tracking mechanism for policies and regulations, strengthen communication with government departments, pay timely attention to changes in the external environment, and flexibly adjust our business strategies.

	Sensitivity analysis	Pressure test	Risk profile	Response
Operational risk	Notice the impacts of internal operational factors (such as fluctuations in raw material prices, changes in production costs, and employee turnover rates) on the operation performance of the Company. For example, assess the impact of an increase in raw material prices by 10% on the production costs and profits of the Company to identify internal factors that have a significant impact on the operations of the Company.	Simulate possible extreme adverse events in the business process (such as major safety incidents, information system failures, supply chain disruptions, etc.), and assess the Company's ability to respond to these unexpected events. For example, test whether the Company can resume business operations within the specified time in case of supply chain disruptions, as well as the impacts on the customer relationships and market reputation of the Company.	Operational risks relate to production safety, product quality and supply chain management. For example, poor product quality may lead to legal disputes or loss of customers; supply chain-related issues may lead to production disruptions.	— Improve the product quality management process, strictly control product quality, and strengthen production safety management; and — Establish long-term relationship with reliable suppliers to realize diversified supply chain management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Sensitivity analysis	Pressure test	Risk profile	Response
Compliance risk	Analyze the impacts of changes in laws and regulations (such as new regulatory requirements, and adjustments in tax policies) on the compliance costs and business processes of the Company.	Set extreme adverse scenarios in compliant environment. For example, when the Company faces large-scale regulatory investigations, major legal lawsuits, etc. assess the effectiveness and responsiveness of the compliance management system of the Company. Test the response measures and resource allocation capabilities of the Company in these scenarios, to identify weaknesses in compliance management in advance and improve the weaknesses.	Compliance risk is mainly related to whether the Company follows domestic and international laws and regulations and industry standards. Non-compliance may result in fines, loss of reputation or legal proceedings.	Establish a sound internal compliance mechanism, strengthen compliance training, regularly conduct compliance reviews, and cooperate with professional legal advisors to efficiently control compliance related risks.

In a complex and changeable business environment, an enterprise faces numerous internal and external risks and challenges. To ensure the stable operation and sustainable development of the enterprise, we have established a comprehensive risk management system, including:

Risk identification: Comprehensively identifying possible risks, guaranteeing accurate and complete identification, and recording them in writing. Through SWOT analysis (strengths, weaknesses, opportunities and threats), we accurately identify risk factors related to strategic targets of the Company.

Risk assessment: Based on market trends, competitors, policies, regulations, technological innovations, and other information, assess the impacts of risks on strategic targets, including possibility, scope, duration, and potential losses of risks, in order to determine risk priorities and response strategies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk mitigation measures: To mitigate the severity of risks and their negative effects, the following measures are implemented:

Risk mitigation: Strengthen internal controls and reduce operational risks.

Risk transfer: Transfer risks to a third party through insurance or outsourcing.

Risk acceptance: Monitor risks with low possibility and low impact to ensure they are controllable.

Therefore, we have further identified other risks based on our strategic objectives, internal operations and changes in the social environment, and the results of our materiality assessment, in order to continuously improve the Company's risk management system and risk types.

Based on business development and industry trends, we have identified two long-term (3 to 5 years or more) emerging risks that have a significant impact on our business in the future:

Type of risks	Risk profile	Response
Technology risk	With the development and advancement of technology, the medical device industry is also experiencing rapid changes, and the emergence of new technologies may have an impact on the Company's products, which may lead to a decline in the market share of products of the Group.	Continuously upgrade our R&D investment to maintain our technological leadership and update our products in time to meet the market demand.
Regulatory and policy change risk	Changes in regulations and policies in the medical device industry may have a significant impact on the Company's business. For example, the centralized procurement policy promotes a significant increase in the purchasing volume of medical device products, which in turn reduces the purchasing cost of individual products. However, the prices of the products are also suppressed, and the sales profit of the medical device products with higher prices will be significantly affected.	Continuously strengthen research and development innovation, and improve the technical content and added value of products in order to obtain higher profit margins.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Comprehensive Assessment, Safety and Security

The Group has formulated the "Risk Management Control Procedures" to clarify the process and requirements for risk management such as analysis, evaluation and control of risks throughout the life cycle of the Company's medical devices. At the product concept stage, risk management planning is carried out; at the product design and development stage, risk management plans, risk acceptability guidelines, hazard analysis, Design Failure Mode and Effects Analysis (DFMEA), Process Failure Mode and Effects Analysis (PFMEA), etc. are formulated, and a risk management report is formed at the end; at the production and post-production stage, risk management is carried out by monitoring information such as non-conforming product data, customer complaints/feedback, etc., and an annual risk management evaluation report is formed.

In order to enhance employees' risk awareness and ability to respond to risks, we enhance employees' risk awareness and risk management capabilities through concentrated lectures, case analysis, group discussions and other forms of training on basic risk management concepts, management principles, identification and pre-assessment, response strategies, etc. In addition, we collect employee feedback on risk management at each risk analysis stage and during regular risk assessments, and further analyze and evaluate it for continuous improvement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.4 Communication with Stakeholders

Stakeholders	Government	Shareholders	Employees	Customers	Providers	Community
Target and focus	• Respond to relevant state medical policies • Operate according to science, laws and regulations • Increase medical level • Dispose the medical hazardous wastes • Perform the duty to pay taxes in accordance with applicable tax laws	• Business strategy and financial performance • Protect shareholders' legal rights • Business sustainability • Incubator of emerging industries • Sustainable development of Company	• Payment and welfare • Guarantee of rights and interests • Career development • Safety and health • Corporate culture	• Supply precision medical devices • Efficient and convenient equipment • Improve the efficiency of medical workers • Increase the survival rate of patients • Improve the service quality continuously	• Abide by commercial ethics & state laws and rules • Be open and fair • Keep promises, achieve mutual benefits and create a win-win situation • Keep channels transparent	• Hold community activities • Participate in community construction • Devote to community welfare • Promote community development • Assist and support needy students
Methods of communication and exchange	• Take part in discussions when relevant policies of medical devices are being formulated and share enterprise experience • Guide and influence the implementation of public policies actively • Engage in dialogue with the local government • Create an efficient medical and health system	• Enhance information disclosures • Board meetings, general meetings and investors' meetings • Direct communication among shareholders • Carry out relevant activities with universities or colleges to promote the incubation and implementation of industry	• Employee representative of the Supervisory Committee • Labor union • Employee representative conference • Employee survey and provision of feedback • Enhance information disclosures	• Feedbacks of user experience on medical devices from medical workers • Cure rate of patients upon usage • Complaints hotline • Enhance information disclosures • Feedbacks from hospitals	• Announce the supplier management rules • Contract negotiation • Daily business exchange • Enhance information disclosures	• Engage in dialogues with local government and organizations • Visit community and exchange ideas with community members • Participate in activities providing assistance and support organized by foundation • Enhance information disclosures
Key actions	• Implement state policies and abide by state laws and regulations • Accept supervision and check-ups • Create more posts to boost the employment rate • Monitor the disposal of wastes and pollutants strictly • Declare taxes in a timely manner	• Convene general meetings regularly • Convene board meetings regularly • Convene investors' meetings • Disclose statutory issues in a timely manner • Industry-university-research linkage	• Enhance training for employees in respect of culture and technical skills • Improve employees living and working environment • Guarantee employees' rights and benefits and upgrade their welfare level • Health and safety guarantees for employees • Establish a labor union	• Regulate and standardize services • Conduct regular customer satisfaction surveys • Respond to customer complaints and provide them with feedback in a timely manner • Earnestly protect customer privacy • Questionnaire	• Set up an open and transparent bid invitation system • Set up a communication platform for suppliers • Refine the supplier selection system • Offer suppliers with opportunities for fair competition	• Regularly hold activities to benefit community residents • Encourage good deeds • Be passionate about public welfare and contribute to society • Conduct employee volunteer activities • Set up a special foundation
Key performance indicators	• Conduct centralized disposal of wastes • Take action to implement garbage classification • Number of persons employed	• Stock value and dividend returns • Stock market value • Invest in subsidiaries	• Number of participants of employee training • Remuneration and welfare system	• Investments in greening • Feedbacks on complaints about disputes between doctors and patients • Improve product precision	• Contract performance rate • Assessment of suppliers	• Examples of good deeds • Investments in social welfare causes • Employee volunteer activities

On 6 October 2024, Shandong INT Innovative Medical Instruments Industrial Park held a grand opening ceremony, and then Rizhao "Politics, Medicine, Industry and Academia" Innovative Medical Ecological Construction Seminar and the 2nd Rizhao Cardiovascular Health Technology Innovation Alliance Conference was held. This large-scale communication activity gathered about 100 representatives of stakeholders, such as leaders from governments at different levels, renowned scholars from major universities nationwide, senior clinical experts, important shareholders of the Company, distinguished customers and long-term partners with a view to jointly promoting the prosperous development of innovative medical ecology in Rizhao City.

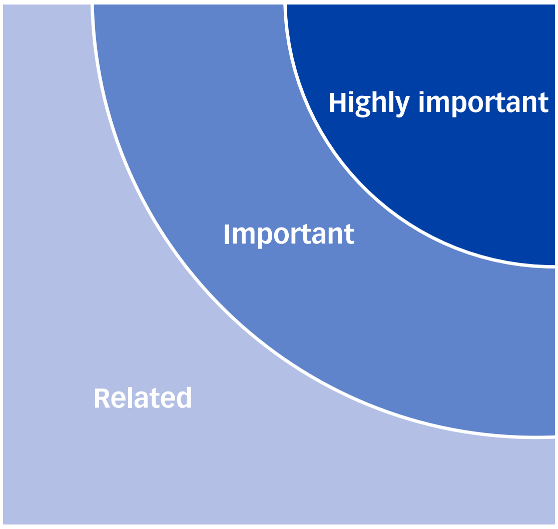
4.5 Materiality Assessment

We carried out the assessment of the materiality from internal stakeholders within the Group with an online questionnaire, and the coverage rate of the assessment in the employees within the Group exceeds 5%. We update the materiality assessments at least once a year, and we will also continually pay attention to all stakeholders, constantly review and update the materiality assessment, and include external stakeholders when the conditions are appropriate, so as to achieve a more accurate and thorough understanding of the demands of various parties, and to provide guidance and direction to the enterprise's business operations and controls over environmental and social governance.

Based on the analysis and summary of the results of the materiality assessment from all stakeholders, we have formed the following materiality assessment matrix. Based on the focus of stakeholders on corporate operations, environment, and social governance, as well as the Environmental, Social and Governance Reporting Code in Appendix C2 of the Main Board Listing Rules of the SEHK, and taking into account national macro policy orientation, capital market focus, and benchmarking analysis of sustainable development reporting standards, the Group's key areas of focus are focused on social issues such as occupational health and safety, supply chain management, product responsibility, information security and privacy protection, and high-excellent customer service, as well as environmental issues such as indirect energy, direct energy, and water resources.

INT Medical ESG Materiality Issues Assessment Process	
01	**ESG Issue Identification and Recognition**
•	Based on the feedback obtained from communication with stakeholders, the concerns of sustainable development in the industry, and based on the actual development of the Company, we determine the scope of key issues that have a greater impact on both the Company's development and stakeholders; and
•	Based on ESG ratings in the capital market and domestic and international sustainability disclosure standards, identify the key concerns and potential risks in the medical device industry in the field of sustainability, and screen and form a list of issues.
02	**Stakeholder Communication and Research**
•	The list of issues is used as the basis for stakeholder research to prepare the ESG importance issues assessment questionnaire, and internal stakeholders score the importance of the corresponding ESG issues, which is then collated and analyzed to arrive at the final sustainability research results.
03	**Important Issues Assessment**
•	Based on the results of the questionnaire survey, combined with the Company's development situation and the analysis results of peer companies, the assessment of materiality issues was carried out in the aspects of "materiality to stakeholders" and "materiality to management", and the importance of each ESG issue was ranked based on the scores and a matrix was generated.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Highly important

Occupational health and safety
Supply chain management
Information security and privacy protection
Product responsibility
Excellent customer service
Direct energy
Indirect energy
Water management

Important

Employees' rights and benefits
Employment and labor practices
Training and development
Responsible marketing
Anti-corruption
Intellectual property protection
Packaging material use

Related

Address climate change
Impact on the environment and natural resources
Wastewater discharge
Waste gas emissions
Greenhouse gas emission
Waste emission
Community investment

Category	Issue	Importance	Response
Society	Occupational health and safety	Highly important	Health and safety
Society	Supply chain management		Supply chain management
Society	Product responsibility		Product responsibility
Society	Information security and privacy protection		Focus on needs, protect privacy
Society	Excellent customer service		Product responsibility
Environment	Direct energy		Use of resources
Environment	Indirect energy		Use of resources
Environment	Water management		Use of resources

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Issue	Importance	Response
Society	Employees' rights and benefits	Important	Employment and labor practices
Society	Employment and labor practices		Employment and labor practices
Society	Training and development		Development and training
Society	Responsible marketing		Excellent quality, medical equipment reputation
Society	Anti-corruption		Anti-corruption
Society	Intellectual property protection		Upholding property rights and encouraging innovation
Environment	Packaging material use		Use of resources
Environment	Address climate change	Related	Address climate change
Environment	Impact on the environment and natural resources		Environmental responsibility
Environment	Wastewater discharge		Wastewater discharge
Environment	Waste gas emissions		Waste gas emissions
Environment	Greenhouse gas emission		Greenhouse gas emission
Environment	Waste emission		Waste
Society	Community investment		Community investment

Based on the results of the materiality assessment, the Group focuses on highly important issues and further formulates specific targets in the four areas of occupational health and safety, supply chain management, product responsibility, and excellent customer service. It further clarifies the quantitative indicators for measuring the relevant targets, continuously tracks the Company's progress in the following areas, and correlates the fulfillment of the targets with the management's remuneration:

	Occupational Health and Safety	Supply Chain Management	Product Quality and Safety	Customer Service
Progress towards 2024 target	1. Zero accidents of serious injuries and fatalities in production throughout the year 2. Zero fire, explosion and traffic accidents in production throughout the year 3. Zero incidence of occupational diseases throughout the year 4. 3 accidents of minor injuries	1. Order timely completion rate of 92% 2. Gross profit margin is increased by 4.9 percentage points as production volume grows and production automation improves	Batch complaint rate of less than 5% for the year	Please refer to the results of the customer satisfaction survey in the section "Focus on Demands and Protection of Privacy"
2025 target	1. Zero accidents of serious injuries and fatalities in production throughout the year 2. Zero fire, explosion and traffic accidents in production throughout the year 3. Zero incidence of occupational diseases throughout the year 4. No more than 2 accidents of minor injuries	1. Improve customer order delivery, shorten the delivery cycle, with order timely completion rate ≥ 90% 2. Based on market demand expectations, promote the increase in gross profit margin as production volume grows and production automation improves	Batch complaint rate controlled within 5% for the year	Satisfaction survey, with a satisfaction rate of 90% or above

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5 ENVIRONMENTAL RESPONSIBILITY

5.1 Emissions Management

Responsible Management

Though the Group is not a key pollutant-discharging entity announced by the environment authorities, we still attach great importance to emission management. The Group strictly complies with the relevant laws and regulations in relation to environment, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) and the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》). Each subsidiary has established an environment management committee and an environmental accident response team consisted of coordinators from each relevant department. The representative of the subsidiary is appointed as the head of the team and the competent department leader as the vice head.

As the highest decision-making body, the Group's Board of Directors attaches great importance to the formulation and implementation of environmental policies, and regularly reviews environmental performance, policy implementation and challenges faced. Besides, based on factors such as energy consumption and production processes, the Board of Directors formulates energy saving and emission reduction goals and measures, and supervises their implementation by subordinate units. Each department and subsidiary clearly define environmental protection responsibilities: the production department strictly abides by environmental regulations, reduces emissions and improves efficiency; the procurement department prefers environmentally friendly suppliers; the R&D department is committed to the development of environmentally friendly processes and products; the administrative department monitors environmental indicators in daily activities.

The Group establishes comprehensive environmental indicator system covering multiple dimensions such as energy consumption, pollutant emissions and resource recycling. It regularly organizes internal environmental training, invites experts to explain regulations, policies and operational points, and disseminates environmental protection knowledge and dynamics through internal platforms, to ensure that employees fully understand environmental policies and the impact of their work on environment. New employee induction training also includes environmental content, and targeted training is implemented for different positions, such as production positions emphasizing environmental protection operations and the skills of energy saving and emission reduction, and R&D positions focusing on green design and material selection. In addition, the Group actively communicates with external stakeholders, including reporting environmental performance and policy implementation to government departments, and accepting supervision and guidance, to jointly promote the realization of environmental protection goals.

For the ongoing pollution incident, the Group clearly asks the relevant department to arrange the removal of the pollutants first and then identify the reasons thereof. Except for rectification by the relevant department or company strictly, other companies under the Group shall also take it as a warning and review if there are preventive measures in place and, if not, make timely rectification and improvement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group actively assumes environmental protection responsibilities and strictly implements the responsibility management of emissions. To ensure the effective implementation of environmental policies, we have formed a complete set of top-down and internal-external environmental management system, incorporating the green and low-carbon concepts to minimize the impact on the environment, and implement green production and operations in the following ways:

1. Attach importance to environmental policies: As the highest decision-making body, the Board of Directors establishes environmental issue discussion at each meeting and regularly listens to environmental reports, develops energy saving and emission reduction plans and target measures according to the actual situation of the Group, and supervises their implementation.

2. Clarify environmental responsibilities: All departments of the Group clarify their responsibilities in environmental management. The production department abides by regulations in production, reduces emissions, and improves resource utilization; the administrative department monitors environmental indicators in daily activities, promotes environmental protection concepts, and urges all departments to reduce the consumption of energy such as water and electricity; the procurement department selects environmentally friendly raw material suppliers; the R&D department develops environmentally friendly processes and products.

3. Establish environmental indicators: Focusing on environmental goals, we have established a complete set of environmental indicator system, covering energy consumption, pollutant emissions, resource recycling and other aspects, to fully implement environmental protection concepts.

4. Strengthen job training: We incorporate environmental training into the induction training system for new employees, and carry out specific environmental protection training based on the characteristics of different jobs. Frontline production employees mainly learn the environmental protection operations of production processes and the skills of energy saving and emission reduction of equipment.

5. Regular internal environmental training: The Group regularly organizes internal environmental training activities, invites experts to explain environmental policies and regulations, company management policies and environmentally friendly operation points, and publishes environmental-related content through internal websites and bulletin boards. The Group organizes training and assessment for the management and relevant personnel twice a year to ensure that employees have a full understanding of environmental policies and knowledge.

6. Strengthen external communication: We actively communicate with external stakeholders, regularly report environmental performance and policy implementation to government departments, and accept supervision and guidance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's medical device products are single-use and therefore do not involve in programs related to product recalls. Most products have a shelf life of 3 years and are clearly labelled on the packaging of the product. We endeavour to predict market demand as accurately as possible to minimise the generation of near-expired products. If a product is close to its expiry date and is in the Company's warehouse, we will launch rework procedures according to the process and judge whether it needs to be scrapped or reprocessed through strict quality control, following the standards of the established process documentation. For any products that are close to or exceed their expiry dates in a customer's warehouse, the customer shall be solely responsible for the disposal of the same and the Group will not intervene in the relevant disposal process. The Company ensures that all business activities comply with the applicable environmental laws and regulations in the regions where it operates and local environmental policy requirements. At the same time, we incorporate environmental factors into supplier assessment content and management mechanism to create a sustainable supply chain.

Waste Gas Emissions

The Group strictly complies with the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》).The emission of non-methane hydrocarbons generated from the Group's production process must comply with relevant standards after activated carbon filtration. There is online monitoring system in place to monitor the emission process and calculate the volume of emissions. In 2024, the Group's waste gas emissions were 168.29 million m^3, and the Group's emissions of non-methane hydrocarbons in 2024 were as follows:

	2024[1]	2023
Emission of non-methane hydrocarbons (unit: 10,000 m^3)	**16,829**	5,841
Intensity of emission of non-methane hydrocarbons (unit: 10,000 m^3/RMB ten thousand (revenue))	**0.19**	0.08

According to the characteristics of different production processes in each link, the Group adopted the working principle of higher requirements, higher standards and stricter measures, and carried out self-inspection, re-inspection and comprehensive benchmarking approach to further reduce the Company's emissions based on the working idea of "source prevention, process control, and strict control at end". In the process of feeding, processing and molding, blending, printing, cleaning and other production operations, we adopt enclosed equipment or confined space operations (take local exhaust gas collection measures if it cannot be enclosed), and discharge waste gas to the waste gas treatment collection system. The waste gas treatment facilities are treated with activated carbon adsorption and kept in normal operation during the whole process of production facility operation (start-up, stopping and maintenance). We regularly check the operating conditions of the waste gas treatment facilities, carry out maintenance work (replacement of activated carbon) in a timely manner based on the results of inspections, and carry out regular monitoring work to ensure that the waste gas emissions comply with national environmental requirements. We also combine the requirements of the "Shanghai Municipal Bureau of Ecology and Environment's Notice on the Supplementary Revision of the Emergency Emission Reduction List for Heavy Pollution Weather for the Year of 2023" to formulate emergency emission reduction measures and make public notice boards to be posted on the bulletin boards, to continue to practice advanced environmental protection concepts, and to do well with our daily environmental management work.

1 In 2024, the new buildings of Zhuhai Derui and the Company were officially put into use, resulting in that the emission of non-methane hydrocarbons showed a significant increase.

During the Reporting Period, there were no instances of non-compliance related to the emission of waste gas.

For the management of waste gas emissions target, we aim to comply with emission standards and encourage employees to put forward effective energy saving and emission reduction suggestions, and optimize emission reduction measures from different aspects. Meanwhile, considering the new facilities to be put into use in the next 1 to 2 years, we will gradually improve management system, optimize the filtration system in production process, and establish and control waste gas emissions reduction target to reduce waste gas emissions.

During the Reporting Period, the Group continued to improve its production processes and utilized efficient equipment and advanced technology to minimize the waste gas emissions. Additionally, the Group actively developed solar energy and promoted the use of green energy sources to reduce its dependence on traditional energy, further lowering waste gas emissions.

Noises

We use machines during our production, which will inevitably generate noises. Long-term working in a noisy environment will affect the physical condition of our employees. In view of this, we strictly comply with the Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution (《中華人民共和國環境噪聲污染防治法》), making careful study and identifying the location where the noise comes from. Sound-proof cottons will then be used to decrease the acoustic sound level as well as the impact on our employees. Meanwhile, we purchased some protective equipment, such as earbuds and posted warning signs about wearing protective equipment before entry on the gate to the noise area as a reminder. All production noises are inside the plants and have no significant impact on areas around the plant. In 2024, there was no noise emissions exceeding the standard.

Wastewater Discharge

The Group's production doesn't generate waste water, excluding domestic wastewater primarily from the kitchen of the factory canteen, which is processed by the oil-water separators before discharge. The Group strictly complies with the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) and has obtained a urban drainage permit pursuant to the Administrative Regulations on Drainage (《排水管理條例》). In order to make sure the discharge of domestic wastewater in compliance with relevant standards, the Group makes periodic inspections on the domestic wastewater processing facilities in its factory every year, including sewage discharge standards testing. The Group's waste water discharge is as below:

	2024	2023
Waste water discharge (unit: m^3)	**125,527**	37,620
Intensity of waste water discharge (unit: m^3/RMB ten thousand (revenue))	**1.47**	0.50

Description:

In 2024, the Group adjusted its data methodology to enhance the accuracy of the data.

During the Reporting Period, no incompliance was identified in relation to the discharge of waste water.

In the management of wastewater discharge targets, we aim for compliant discharge. To further reduce wastewater discharge, we plan to strengthen the management and monitoring of production and domestic water, refine the water usage system, and strictly control water consumption in a short term. In addition, we plan to increase water monitoring equipment and frequency to monitor water usage in real time with a view to detecting and resolving abnormal water usage issues. From the perspective of technology, we will continue to explore wastewater reuse technologies, and use treated wastewater that meets standards for non-direct contact purposes such as plant greening, road watering, equipment cooling, etc., to improve the reuse rate of water resources, reduce the consumption of fresh water, thereby reducing wastewater discharge and promoting wastewater reuse and resource utilization. In the long run, we will establish a sound environmental protection and energy saving and emission reduction management system to clarify the environmental protection responsibilities of all departments, and ensure implementation of our responsibilities level by level. We will require all departments of the Company to clarify their respective areas of responsibility and establish a clear responsibility network system with a view to ensuring effective implementation of responsibilities.

In 2024, with an increase in total domestic wastewater due to the operation of Zhuhai Derui and Shandong INT bases, the Group effectively improved the efficiency of wastewater treatment and met the discharge standards through the implementation of systematic water resources management measures:

- Continuously optimize and improve wastewater treatment facilities. Upgrade and renovate the existing wastewater treatment facilities to ensure stable operation, and focus on improving wastewater treatment efficiency.

- Highlight the maintenance and repair of the pipeline network and regularly carry out related operations, effectively reducing water running, emitting, dripping, and leaking from the pipeline network, thereby reducing the amount of wastewater.

- Incorporate water saving into our management system and hold training publicity activities to continuously strengthen employees' awareness of saving water. We have installed water meters in canteen, dormitory, office area, etc., read meter every week and carefully compare the data. Once water usage is abnormal, we quickly identify and analyze the reasons, take timely improvement measures, and thus comprehensively strengthen the supervision of water usage.

Wastes

The Group strictly complies with the relevant laws and regulations in relation to environment, including the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), implementing classification of wastes, including hazardous wastes, non-hazardous wastes (recyclable) and non-hazardous wastes (unrecyclable). For hazardous wastes, the Group has established the Hazardous Waste Emergency Response (《危險廢棄物應急預案》), covering the whole process of hazardous wastes from the source to the final treatment. For non-hazardous waste, the first step is to distinguish whether it can be recycled from the source. For the recyclable parts, each department should concentrate and implement requirements for leakage prevention, rain prevention, dust prevention, etc. Environmental protection graphic signs should be posted in prominent positions and corresponding solid waste categories should be indicated. The administrative department should regularly hand them over to third parties for recycling; For unrecyclable non-hazardous wastes, the Group will increase garbage classification facilities pursuant to the local Administrative Regulation on Domestic Waste (《生活垃圾管理條例》), introduce relevant knowledge on garbage classification in its regular meetings, put up posters in the factory and arrange a watchkeeper responsible for giving garbage classification instructions in the fixed collection points in order to make the employees understand the importance, practiced it in action and support the development of urban garbage classification in an orderly manner.

The hazardous wastes of the Group mainly include wastes of activated charcoal, waste ink, waste saponification solution, waste emulsion, waste solution absorbed by the spray tower and laboratory wastes and waste solution. Given misplacement is the source of pollution accidents, each subsidiary has designated place for the stacking and storing of hazardous wastes. Such hazardous wastes will be removed from our workplace by a qualified third party for disposal. Meanwhile, an environmental safety inspection team has been set up by each of our subsidiaries with a WeChat group. In case of any incompliance, the inspection team may report to the head of the competent department or the legal representative of each company and any member of the team may also report to the competent department of the company he or she works for. The Group and Zhuhai Derui have formulated emergency response plan for environmental emergencies and filed it with the Environmental Protection Bureau of Jiading District (Filing Number: 02-310114-2022-579-2) in Shanghai and the Zhuhai Ecological Environment Bureau Jinwan Branch (Filing Number: 440404-2024-0011-L) respectively. The plan includes procedures for the disposal of hazardous wastes to further manage the discharge, treatment and disposal of hazardous wastes in a compliant and effective manner.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's hazardous waste emission is as below:

	2024	2023
Laboratory wastes (unit: kg)	**744**	1,023
Waste ink (unit: kg)	**85**	110
Wastes of activated charcoal (unit: kg)	**900**	800
Waste solution absorbed by the spray tower (unit: kg)	**4,655**	8,500
Waste saponification solution (unit: kg)	**3,548**	3,000
Waste emulsion (unit: kg)	**1,240**	2,000
Hazardous waste emission (unit: kg)	**11,172**	15,433
Intensity of hazardous waste emission (unit: kg/RMB ten thousand (revenue))	**0.13**	0.20

Description:

The decrease in waste solution absorbed by the spray tower in 2024 as compared to 2023 is primarily due to the nature of the measurement base. The Company adopts the chargeable weight data from third-party organization during waste solution removal as the base of measurement, and the uncertainty of annual frequency of removal by the third-party organization results in some fluctuations of the said data from year to year. The change reflects the direct impact of removal frequency on data performance rather than a substantive decrease in the actual volume of waste solution.

The Group's non-hazardous waste emission is as below:

	2024	2023
Domestic wastes (unit: kg)	**36,720**	31,390
Wastes of oil-water separators (unit: kg)	**6,359**	6,230
Non-hazardous waste emissions (unit: kg)	**14,639**	37,620
Intensity of non-hazardous waste emissions (unit: kg/person)	**21.16**	23.99

During the Reporting Period, no incompliance was identified in relation to the waste emissions. Due to our active implementation of the green development concept, waste classification and management, and effective and rational arrangement of production plans have been practiced.

In terms of target management of waste emission, we have set the target of 100% compliant disposal of hazardous waste and zero accidental leakage of hazardous chemicals. For waste, we comprehensively inspect the generation, collection, transportation and treatment of waste on a regular basis to accurately know the types, quantities, sources, and destinations of waste, in order to identify problems and improvement opportunities in waste management, providing a basis for developing effective waste reduction strategies. On this basis, we classify, collect, store and transport recyclable waste, and then convey it to professional recycling companies for treatment and reuse, while the remaining waste is incinerated after detection to achieve zero waste landfill. Besides, we encourage the sharing and reuse of waste among different departments within the enterprise to improve resource utilization efficiency. In a short term, after new facilities in Shandong base are completed and used in production, the Group's production capacity and personnel will further increase. Therefore, the waste emissions will also increase at a certain extent. The Company will continue to implement the concept of environmental friendliness, and take management measures such as waste classification and waste reduction to control the growth of waste emissions at the lowest level and promote a decrease in emission density. From the perspective of medium and long term, we will continue to classify and treat waste by different levels of danger, increase the proportion of harmless waste recycling and utilization, and establish and improve our waste treatment system. Besides, we will further optimize the production process to reduce intermediate losses and strengthen production recyclability with a view to finally reducing or controlling absolute emissions of waste. In the Group, we also organize employees to receive training courses on waste management to enhance their awareness and understanding of waste issues, strengthen their awareness of environmental protection and sense of responsibility, and enable them to get correct methods of waste classification, recycling and disposal, so that they can actively participate in waste reduction actions in their daily work.

Greenhouse Gas Emissions

The greenhouse gas emissions will cause a greenhouse effect, raise global temperature and lead to climactic abnormalities, thus endangering the environment on which the existence and development of human beings relies. According to the Sixth Assessment Report by United Nations Intergovernmental Panel on Climate Change, climate change resulting from human has caused much extreme weather and climate occurred in regions worldwide, and observed extreme climate issues such as heat-wave, heavy precipitation, drought and tropical cyclone are changing. Climate change has become a defining issue of our time and a common concern for humanity. As a listed company committed to "global human health", we recognize at this decisive moment the critical importance and urgency of reducing greenhouse gas emissions.

The Group has formulated a greenhouse gas emission reduction policy and explored a new model of low-carbon development from the directions of risk assessment, green production and training and publicity to promote greenhouse gas emission reduction and contribute to our efforts against climate change. We continue to improve our policies and measures for adapting to climate change in order to ensure that the Company can quickly recover and stabilize its operations in the face of a climate change event, and to enhance its business resilience; formulate risk management strategies, identify potential climate risks, assess the financial impact of climate change on the Company, reduce the related financial risks and seize business opportunities related to climate change; and promote the research and formulation of a net Zero Emission Target in line with its own development planning, which plans to commit to achieving net-zero carbon emissions at some time in the future, subject to the need to further develop detailed plans and targets, and to take reasonable and efficient measures to reduce carbon emissions.

The greenhouse gas emissions of the Group primarily come from purchased electricity, liquefied petroleum gas ("**LPG**") for canteens and oil for service cars. Although the Group's greenhouse gas emissions as well as the expenses in electricity, LPG and oil consumption are not significant, given that no act of kindness, no matter how small, is ever wasted, we still adopt the following emission reduction measures:

Green office:

- Optimizing the energy consumption of office equipment, adopting LED lamps and lanterns in all public areas, reasonably arranging the location of lamps and lanterns, and installing intelligent elevator system, etc. to reduce unnecessary energy waste;

- Through the air-conditioning system's timed shutdown, system temperature control and other functions, the maximum temperature of the air-conditioner in winter and the minimum temperature of the air-conditioner in summer are limited so that, in principle, it is not higher than 20 degrees in winter and not lower than 26 degrees in summer;

- Advocating paperless office and secondary use of paper. Each department regularly and quantitatively receives paper according to demand. For necessary paper documents, measures such as double-sided printing and waste paper recycling are adopted to reduce paper consumption;

- Promoting electronic office, strengthening the intelligence of office software, optimizing the approval process, and reducing unnecessary energy consumption;

- Encouraging employees to promptly turn off their personal office equipment after work, and requiring the last person leaving the office to check and close doors and windows, and switch off relevant power supplies and lighting;

- Employees are required to follow a portion-controlled dining system. Main dishes are evenly portioned out by cafeteria staff, while rice and soup are served by employees themselves. This practice aims to eliminate food waste;

- Reducing the frequency of business trips and increasing participation in field activities through video conferencing; and

- Enhancing staff training on low-carbon awareness, promoting low-carbon office and lifestyle, and fostering a company-wide low-carbon culture.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Green production:

- Formulating a reasonable production scheme based on sales forecast to improve productivity;
- In the procurement of new equipment, priority is given to environmentally friendly and low-carbon suppliers and raw materials, and energy-saving equipment with a lower level of comprehensive energy consumption is procured to reduce carbon emissions at source;
- Improving production processes, optimizing production flows, increasing energy efficiency and reducing unnecessary energy consumption;
- Reducing environmental pollution and carbon emissions through rational segregation, treatment and recycling of wastes;
- Promoting green planting inside the plant; and
- Purchasing additional electric vehicles and advocating for their increased use to reduce the reliance on fuel vehicles and lower tailpipe emissions.

The above measures for the reduction of greenhouse gas emission may temporarily increase our capital expenditure, in the long run, however, we believe they will improve our efficiency and realize win-win of the economic efficiency and environmental efficiency. The Group's greenhouse gas emission is as below:

	2024	2023
Direct GHG emissions[2] (Unit: tCO_2e)	**50**	48
Indirect GHG emissions[3] (Unit: tCO_2e)	**9,133**	7,319
Total GHG emissions (Unit: tCO_2e)	**9,183**	7,367
Total GHG emissions intensity (Unit: tCO_2e/RMB ten thousand (revenue))	**0.11**	0.10

With nitric oxide emission of 87.43 kilograms, sulphide emission of 0.03 kilograms and particulate matter emission of 8.45 kilograms due to the use of gasoline and diesel.

2 Direct GHG emissions were calculated based on "Appendix 4 of China Energy Statistics Almanac 2020", GHG Protocol, and the "Energy Statistics Workbook" (Energy Department, National Bureau of Statistics, 2010).

3 Indirect greenhouse gas emissions were calculated based on the national grid emission factors in the "Notice on the Proper Management of Greenhouse Gas Emission Reporting for Enterprises in Some Key Industries in 2023-2025" issued by the Ministry of Ecology and Environment of the People's Republic of China.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.2 Use of Resources

Resource conservation and environment protection are the national policies of the PRC.

The Group strictly complies with the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and the Law of the People's Republic of China on Promoting Clean Production (《中華人民共和國清潔生產促進法》). Internal regulations have been in place to help the Group to fulfil its responsibility on energy saving and emission reduction and improve the comprehensive resource utilization rate. As specified in the Social Responsibility Management System (《社會責任管理制度》) of the Group, green production and green office shall be implemented on a group-wide basis to reduce unnecessary resource consumption and avoid environmental pollution. The Employee Handbook (《員工手冊》) of the Group provides the employees shall not destroy equipment and tools and waste raw materials, and the Group shall improve the environment protection and resource conservation awareness of its employees through publicity and training. We practice green office management and regularly compile statistics on the consumption of resources, including paper, water and electricity, office supplies, etc., by all departments of the Group and report them to the higher management so as to adjust and optimize the use of resources in a timely manner.

Purchased electricity, LNG for canteens, oil for service cars and packing materials are the key resources consumed by the Group. Package plays a crucial role in protecting product quality from damages. As the nature of medical devices, we cannot avoid the use of packing materials, and use some packing materials, including cardboard cases, boxes, paper pallets, plastic bags and plastic pallets; in selecting packing materials, the Group still tries to actively adopt various measures to replace cheaper plastic products with paper or other easily degradable packing materials, and also reduce the consumption of paper packages to realise the recycle and reuse of paper packages.

The Group's use of packing materials is as below:

	2024	2023
Paper consumption (Unit: kg)	**462,473**	323,819
Plastic products consumption (Unit: kg)	**40,926**	29,494
Packing materials consumption (Unit: kg)	**503,399**	353,313
Intensity of packing materials consumption (Unit: kg/RMB ten thousand (revenue))	**5.91**	4.69

To deeply practice the concept of green development and promote the sustainable development of packaging design and logistics, we have formulated the following measures:

- Promote the application of environmentally friendly composite materials: Actively use environmentally friendly materials such as paper composite materials and paper plastic composite materials, and fully leverage their characteristic advantages to optimize and upgrade green packaging design and assist the packaging industry in transformation towards low-carbon and environmentally friendly development.

- Optimize the packaging structure design: Conduct scientific design to improve packaging strength and durability and extend the service life of products. Use high-strength cardboard boxes, honeycomb cardboard and other materials to enhance packaging protection performance and reduce product loss caused by packaging damage.

- Rational planning of printing content: In packaging design, strictly control the printing area, and reasonably plan the content to avoid unnecessary decorative printing, reduce ink usage, and minimize environmental pollution.

- Optimize logistics distribution plan: Thoroughly analyze the logistics transportation process and plan reasonable routes to shorten transportation distances, reduce energy consumption and carbon emissions, and improve logistics distribution efficiency and environmental protection level.

- Promote the classification and recycling of packaging waste: Establish a sound classification and recycling system, and accurately classify and recycle packaging waste to improve recycling efficiency, reduce environmental pollution, and promote resource recycling.

- Enhance the promotion and training of environmental protection awareness: Regularly hold environmental protection awareness promotion and training activities to improve environmental protection awareness of employees, so that they can fully know the importance of green packaging design and actively practice it in their daily work, laying a solid foundation for the sustainable development of the enterprise.

The Group has office cars and staff shuttle bus which consumed gasoline of 1,182.6L and diesel of 884.8L during the Reporting Period.

The Group's use of other resources is as below:

	2024	2023
External-purchased electricity (Unit: kWh)	**16,014,719**	13,072,900
Liquefied gas (Unit: kg)	**14,318**	14,214
Comprehensive energy consumption[4] (Unit: kWh)	**16,233,794**	13,105,506
Comprehensive energy consumption per RMB ten thousand revenue (Unit: kWh/RMB ten thousand (revenue))	**191**	174
Water (unit: m^3)	**125,527**	88,400
Water consumption per RMB ten thousand revenue (unit: m^3/RMB ten thousand (revenue))	**1.47**	1.17

The Group uses fresh water provided by local Urban Water Supply Bureaus, and the Group did not encounter any problem in obtaining water sources.

In 2024, the Group is well on track to meet its energy use and water efficiency targets.

Energy efficiency: During the year, the Group's total investment in the environment amounted to RMB480,000. We installed a photovoltaic system and put it into operation at the headquarters of the Group, generating a total of 337.8 MWh of electricity during the Reporting Period, accounting for 21% of the electricity consumption of the headquarters park. We purchased one new energy electric vehicle. As of the end of the Reporting Period, the Group had a total of 6 new energy electric vehicles. We use clean energy instead of fuel, saving 17,590L gasoline annually. In order to reduce unnecessary gasoline consumption, we basically use new energy vehicles for short distances and fuel vehicles for long distances and special circumstances, which improved the efficiency of energy use. We also improved energy efficiency in production through the construction of digital factories. In the future, we will further improve the automation of our production and scale up the application of automation to improve energy efficiency.

Water efficiency: In 2024, we reused the wastewater from the purified water from the workshops, such as for flushing toilets and watering flowers. The Group projects the numerical value of water usage for the following year and requires the relevant departments to evaluate the data. In the short term, considering the increase in the Group's production capacity and number of employees, the use of water resource will increase accordingly. However, we took a series of water- saving measures such as posting slogans and increasing water inspection. In the medium and long term, we will further strengthen the implementation of water conservation management, promote waste water recycling through facility renovation or process upgrading, and take water conservation into account in the design of new production lines and business strategies, so as to improve water efficiency and reduce absolute consumption.

4 Comprehensive energy consumption was calculated based on the conversion factors in the national standard of the People's Republic of China, "Comprehensive Energy Consumption Calculation Guidelines (GB/T2589-2020)".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has taken some comprehensive measures to achieve its emission reduction target. We are committed to improving our energy efficiency. We improve production processes and equipment, and optimize energy use, to reduce unnecessary energy consumption. In addition, we promote green procurement strategy, and prioritize the environmentally friendly and low-carbon suppliers and raw materials, to control carbon emissions from the source of the supply chain. Besides, we strengthen waste management and resource recycling mechanisms, and reasonably classify, treat and recycle waste, to reduce environmental pollution and carbon emissions. Furthermore, we actively promote low-carbon culture, strengthen staff training on low-carbon awareness, promote low-carbon office and lifestyle, and form a group-wide low-carbon culture.

5.3 Environment and Natural Resources

The Group adheres to the concept of green production, strictly abides by the Environmental Impact Assessment Law of the People's Republic of China, the Regulations on the Administration of Environmental Protection of Construction Projects and other laws and regulations, and takes the protection of biodiversity as an important factor in site selection. At the site selection stage, we select areas with relatively low environmental sensitivity, actively carry out environmental impact assessment, and take appropriate preventive and mitigation measures to reduce impacts on land and habitats. The Group's efforts to conserve resources and reduce emissions have been set out in the two preceding sections. We continue to explore win-win solutions for ecological conservation and business development, and contribute to the sustainable development of the medical device industry. In 2024, the Group had no fines resulting from violations of environmental laws and regulations.

The Group promises to strictly abide by local laws and regulations on ecological protection. In the early stage of project construction, we incorporate biodiversity factors into the assessment to ensure that operations and project sites of us, branches, subsidiaries and supply chain are not located within various natural reserves and ecological conservation habitats in local place, in order to reduce the adverse impact of businesses on biodiversity and ecosystems and protect biodiversity. During the project construction process, we strictly implement the construction noise pollution prevention and control plan, reasonably arrange and use construction machinery, and properly arrange work time. After completing the project construction, workers promptly restore the surface, soil, and vegetation. For community residents who may be affected by the project construction, we fully respect their right to informed consent and carry out various business activities in a legal and orderly manner. In addition, we have also established a transparent and open communication feedback mechanism and negotiation procedure to ensure that emergency situations and incidents can be fully negotiated and complaints and conflicts can be quickly resolved. Therefore, a comprehensive project construction management system has been established.

During the Reporting Period, the Group held 3 training activities on environmental protection. The training focuses on environmental protection and emergency response to sudden environmental incidents, aiming to improving the professional competence and emergency response capabilities of relevant personnel. A total of 92 people participated in it, including department leaders of the Group and relevant personnel of subsidiaries.

5.4 Address Climate Change

Climate change has become a common challenge faced by human beings. The Group always pays close attention to the risks and opportunities relevant to climate change, evaluates their actual and potential impact on our operations, strategies and financial performance, and actively takes countermeasures to further promote the sustainable development of the Company. Referring to the Reporting on TCFD recommendations — Guidance on Climate Disclosures issued by the SEHK, this section describes our determination to address climate change and the direction of our future efforts by governance, strategy, risk management, indicators and targets.

Governance

The TCFD has made two disclosure recommendations based on its oversight responsibilities for climate-related risks and opportunities: one is focusing on the Board and the other one is focusing on the management. We have initially clarified the Board's responsibilities for oversight of climate-related risks and opportunities, as well as the roles and responsibilities of the management on climate change issues. The Board has recognized the impact of climate change on the global health and healthcare industry and is actively involved in discussions and decision-making on related topics. The Board needs to fully consider climate-related risks and opportunities in the development of the Company's strategy and objectives, the updating of the risk management system, and the planning of the annual budget (including production, research and development, and supply chain management), make relevant decisions, and communicate the Company's performance and commitment to climate change to other directors and stakeholders. The Board typically conducts a comprehensive assessment and review of climate change strategies and objectives on an annual basis, and follows up on significant climate-related events or policy changes to ensure that the Company is able to respond quickly. The Chairman of the Board is the most senior person in charge of climate-related issues in the Group and is responsible for formulating the strategic direction and business strategies of the Company, as well as overseeing the day-to-day operations and management of the Company. In terms of addressing climate change, the Chairman understands the greenhouse gas emissions and energy consumption generated from the operations of the Company, assesses the impact of climate change on the business of the Company and formulates appropriate response strategies, and regularly reports to the Board on the operations and performance of the Company in order to promote the sustainable development of the Company.

At the management level, the Board's ESG team is responsible for organizing the identification, assessment and monitoring of climate change-related issues, and for taking appropriate action based on the significance of the risks to ensure that the Company meets its goals. The members of the ESG team usually have expertise and experience in relevant areas (e.g. sustainability, environmental protection, etc.).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Strategy

Climate-related risks can be divided into transition risks arising from the transition to a low-carbon economy and physical risks arising from climate change. Transition risks can be divided into policy and regulatory risks, market and technology risks, and reputation risks. Physical risks include acute physical risks (e.g. extreme weather such as typhoons and floods) and chronic physical risks (refer to long-term changes in climate patterns such as sea level rise, persistent high temperature).

In terms of physical risks, acute physical risks, i.e. extreme weather events such as typhoons, floods, and high temperatures, are our current focus. On the one hand, the production and delivery of products may be directly affected by extreme weather events on worksites, production equipment, personnel commuting and transportation. On the other hand, they may also be indirectly affected by extreme weather events in the supply chain, e.g. power and water supply in the area where the operation site is located is insufficient or interrupted due to extreme weather, and raw material suppliers cannot deliver materials on time due to the impact of extreme weather, which prevent us from producing as planned due to material shortages. In terms of chronic physical risk, we haven't seen a significant impact on the business yet.

In terms of transition risks, with the deepening of the society's understanding on climate change and the implementation of relevant policies, energy prices and greenhouse gas emissions allowances will be affected, which may further affect production and sales, thereby affecting the entire value chain of the Company. We will continue to monitor the impact.

In the long run, extreme weather may affect business operations and thus reduce profitability. Therefore, the Group attaches great importance to the pressures and potential risks arising from extreme weather, and has been gradually conducting a status quo review of the risks and opportunities that we may face as a result of climate change, and identifying and studying the impact of climate change on our operations. In response to potential climate change risks, the Company has formulated specific adaptation plans to safeguard the stable operation of its existing business. The Company conducts a detailed climate risk assessment of its business operations, including but not limited to the identification and analysis of potential typhoons, floods, persistent high temperatures and other climatic events, and considers the specific impacts of these events on the Company's operations in the assessment, such as factory shutdowns, logistics disruptions, and power interruptions. Based on the assessment results, business continuity plans are developed, including alternative production locations, backup logistics routes, and alternate power solutions, to ensure that critical business operations can be quickly resumed in the event of a climate-related event. The Company also provides regular training to employees on climate change risks and emergency response to ensure that they understand how to respond properly in an emergency. At the same time, the Company builds partnerships with local emergency management authorities to obtain timely and accurate climate information and warnings. As climate change is an ongoing process, the Company's adaptation plan is regularly reviewed and updated to ensure that it always reflects current climate risks and best practices, and that the Company always keeps pace with the times in addressing climate change.

Risk Management

According to the characteristics of the industry in which the Company operates and the Company's situation, the Company has identified and evaluated the process for management of climate-related risks. For the climate-related risks identified by the Company, the Company has established relevant emergency plans, and formulated emergency plans for different events under a unified emergency framework. The emergency framework should include conditions for initiating emergency plans, emergency handling procedures, system recovery procedures, post-event education and training, etc.; at the same time, it should ensure sufficient resources for the implementation of the emergency plan, including manpower, equipment, technology and finance.

Indicators and targets

The Group has formulated a comprehensive greenhouse gas emission reduction policy and taken specific measures to ensure the achievement of these targets. In addition, to adapt to climate change, we have formulated corresponding policies and measures to ensure that the Group can quickly recover and maintain stable operations in case of climate change. Besides, the Group has also actively evaluated the impact of climate change on its financial situation, including potential financial risks and opportunities, and has developed a risk management strategy accordingly to effectively respond to climate risks and seize business opportunities in climate change. On this basis, the Group has also made a commitment of net zero emission, which means net zero carbon emissions at a certain time in the future. To fulfill this commitment, we will develop detailed plans and goals, and take corresponding measures to significantly reduce carbon emissions.

In the future, we will continue to improve the governance, strategy formulation, risk management, indicator and target identification and management of climate-related risks, and work with all walks of life to address climate change and achieve common sustainable development.

6 EMPLOYMENT AND LABOR PRACTICE

The establishment, development and listing of the Group greatly depend on the hard work of our employees. We firmly believe employees are the carriers of businesses and teams are the cornerstones of entrepreneurship. Therefore, we endeavor to provide a broad career development space, a safe and healthy working environment and a competitive remuneration package for each employee, expecting to grow together, shoulder responsibilities together, and share together with our employees.

6.1 Employment

Open and Fair Employment with Diversified Incentives

The Group strictly complies with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) and other laws and regulations related to employment. We have established the Employee Handbook (《員工手冊》) and the Administrative Management System (《行政管理制度》) in place. The Group also makes active communication with employees in relation to their requirement, rights and obligations in an opened manner.

The Group protects the lawful rights and interests of employees, including paying remuneration in full and timely, making social security contribution and housing provident fund and providing financial rewards to outstanding employees. The Group adheres to the principle of equality during human resource management. Employees won't be discriminated for age, gender, physical or mental health condition, marital condition, family condition, race, color, nationality, religion, political group or sexual preference in respect of employment, promotion, training, remuneration and benefit package. To prevent employees from being discriminated, harassed or harmed in the workplace, the Group has established a comprehensive reporting process, including channels such as suggestion box and complaint corner, and actively conducts annual employee interviews to timely understand employee feedback. The Group designates special persons to collect and summarize these feedbacks, and regularly holds leadership meetings to correct and deal with the problems reported, and to ensure a harmonious and safe working environment.

In 2024, the Group provided suitable jobs for 18 disabled persons in the surrounding communities. In terms of gender equality, women in STEM (Science, Technology, Engineering, and Math) related fields account for 12.53% of the total number of female employees and 7.9% of all employees; 51.11% of middle management positions are held by women and 21.43% of senior management positions are held by women.

The Group conducts regular performance evaluations on employees and helps them to align their individual interests with the corporate target to create the corporate core values of "dedication, innovation, selflessness and efficiency". We provide housing allowances to employees. For core employees with over three-year service, the Company has a housing fund to help them settle down. For core employees with over five-year service, the Company provides employee stock ownership plan, serious illness insurance and other welfares to encourage them to make remarkable results on their positions.

In order to safeguard the legitimate rights and interests of the employees and promote the healthy development of the enterprise, the Group and the labor union reached a consensus through equal consultation and jointly signed a collective agreement, which includes a collective contract, a special collective contract on wages and a collective contract on the special protection of female workers. The Group respects and supports the work of labor unions, protects the legitimate rights and interests of employees, pays special attention to the special interests and legitimate rights and interests of female employees, and signs the Special Collective Contract for the Protection of the Rights and Interests of Female Employees with the labor union by mutual consensus. In order to protect the interests and legal rights of special employees, the Group and the labor union sign the Special Collective Contract on Wages by mutual consensus, so as to build up a harmonious and stable labor relationship.

As at the end of the Reporting Period, the Group has 1,735 full time employees who have signed direct contract with the Group (2023: 1,567), including:

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The number and turnover rate of full-time employees by gender are as below:

	2024			2023		
	Number	Percentage	Turnover rate	Number	Percentage	Turnover rate
Male	642	37.0%	25.8%	601	38.3%	28.6%
Female	1,093	63.0%	24.5%	966	61.7%	26.3%

The number and turnover rate of employees by age are as below:

	2024			2023		
	Number	Percentage	Turnover rate	Number	Percentage	Turnover rate
Below 20	10	0.6%	31.3%	10	0.6%	60.0%
20–40	1,355	78.1%	26.5%	1,245	79.5%	27.8%
Above 40	370	21.3%	17.3%	312	19.9%	22.4%

The data of employees by region are as below:

	2024			2023		
	Number of employees	Percentage	Turnover rate	Number of employees	Percentage	Turnover rate
Zhuhai	274	15.8%	31.6%	251	16.0%	38.0%
Shanghai	1,389	80.1%	23.6%	1,305	83.3%	24.8%
Shandong	72	4.1%	24.2%	11	0.70%	8.3%

As at the end of the Reporting Period, the Group had a total of 728 new employees in 2024, and the average recruitment cost of hiring new employees was RMB874.49/person.

Calibre-Based Recruitment and Employee Care

Employees are the foothold for our sustainable development, and we recognize the value of employees and make efforts to provide humanistic care. During recruitment, the Group adheres to a caliber-based principle and on a willing basis of the parties. The human resources department identifies and recruits suitable people through talent market, employment agency, on-campus employment, online recruitment and news media for departments with any employment needs with reference to the detailed requirements for the jobs, with a view of "making the best and appropriate use of talent".

In 2024, the Group conducted many online and offline employee satisfaction surveys, aiming to gain a deeper understanding of employee feedback, identify potential issues, optimize management decisions, and enhance employee cohesion. The survey indicators comprehensively cover many aspects such as work environment, payment and benefits, career development and teamwork. The survey results are used to systematically evaluate the overall satisfaction of employees. For aspects with high satisfaction, the Group summarizes excellent experiences and continues to maintain the satisfaction. In response to the existing problems, the Group further conducts in-depth analysis, collaborates with relevant departments to discuss improvement plans, proposes targeted measures, and promptly provides feedback to employees on the progress and results of the handling, in order to improve employee satisfaction and loyalty and promote the sustainable development of the Group.

We pay attention to the physical and mental health of our employees. In addition to the annual free staff physical examination with full coverage, we also provide occupational disease physical examination for the types of workers at risk of developing special diseases (In 2024, the Group had 33 types of work incorporated into occupational diseases). In addition, we provide employees with critical illness insurance and employer's liability insurance. In line with the policies of each region, the accumulated team building activities of each department reach more than 46 times. We improve the working environment of our employees and provide them with working meals and dormitories. By the end of 2024, 482 employees are living in the staff dormitories. We pay attention to the career planning of our employees, provide positive incentives, and give annual seniority allowance awards to frontline employees according to their length of service, and award excellent employee awards to employees with excellent performance in their work at the end of the year. We provide interest-free loans for purchasing houses to employees with over three-year service.

We have established a comprehensive employee care program from employees' perspectives and in accordance with the needs of them, including:

- monthly food and communication allowance;
- birthday gift coupon;
- gifts for traditional festivals;
- gifts for female employees on Women's Day;
- team building of department;

- paid annual travelling;
- free annual health check;
- provide high-temperature allowances to outdoor workers engaged in high-temperature operations in accordance with relevant regulations;
- "Talent Housing" for employee in need; and
- establish education support fund to quickly address the problem of schooling for employees' children.

Each holiday gift carries the Company's care for employees. The Group always puts the welfare of employees in the first place and attaches great importance to the humanistic care of employees. Every traditional festive season, we will send gifts and care to employees to thank them for their hard work for the development of the Company, and continuously enhance their sense of satisfaction and happiness. A total of 6,100 gifts were distributed in 2024.

In respect of democratic communication, the Group continues to improve its democratic management system, strictly complies with the Labor Union Law of the People's Republic of China and other relevant requirements, safeguards the rights of employees to democratic communication, provides employees with channels of democratic communication and creates a harmonious and democratic working environment. The Group and the labor union reached a consensus through equal consultation and jointly signed a collective agreement, which includes a collective contract, a special collective contract on wages and a collective contract on the special protection of female workers. During the Reporting Period, the proportion of employees jointed labor unions is 100%.

6.2 Health and Safety

The Group attaches great importance to the health and safety of employees in workplace, strictly abides by relevant laws and regulations related thereto, such as the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Norms for the Management of Labor Protective Articles for Employers (《用人單位勞動防護用品管理規範》) and the Special Regulations on Female Labor Protection (《女職工勞動保護特別規定》), and formulates the Safety Production Responsibility System (《安全生產責任制度》). The headquarters of the Group and some subsidiaries have passed the level two enterprise for standardization of production safety certification. In 2024, the Group invested RMB486,000 in work safety and employee health protection.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2024, the Group updated and sorted out over 50 documents and systems, including the collection of safety management systems, collection of safety operation procedures, collection of production safety responsibility systems, environmental management manual, environmental management procedure documents, environmental management operation guidance, occupational health management archives, occupational health publicity and training archives, occupational disease hazard factor monitoring and detection evaluation archives, occupational health laws and regulations archives, etc. In addition, the Group organized and implemented environmental protection acceptance of Hongqiao Innovative Medical Device Industrial Park and safety evaluation of "Three Simultaneous Things for Safety" of new and expanded projects. In April 2024, the Group passed the review of the level two enterprise for standardization of production safety in Shanghai. Comprehensive Risk Assessment Report on Occupational Disease Hazards in Employers (《用人單位職業病危害綜合風險評估報告》) submitted by the Group in August 2024 was evaluated as Grade A by Jiangqiao Town Health Supervision Institute, Jiading District, Shanghai. In December 2024, the Group passed annual review of ISO 14001 environment system.

Workplace Safety

The Group has established a "safety-first and prevention-oriented" safety management approach and implemented the enterprise leader responsibility system, the safety leader responsibility system and the hierarchical safety responsibility system, established and improves safety management rules, organized regular and irregular safety training and inspection and eliminated potential safety threats to ensure labor safety during production, property safety of running machines and orderly operating activities. We adopt the following major measures:

- setting up a warning sign at each dangerous place and regularly checking the workplace to ensure the warning sign is updated;
- formulating special regulations on the storage, usage and disposal of hazardous substances used in production and regularly checking the implementation thereof;
- providing protective equipment to employees on special posts;
- arranging health check on occupational diseases each year for practitioners in special position with occupational disease risk, such as the position of sterilization operations and powder; and
- providing periodic employee safety training and organizing safety drills according to the planned rescue routes.

Safety Education

The Group attaches great importance to employee safety education, and launches safety production education and assessment for each new employee. The production workshop will carry out safety production education on a quarterly basis by department. In 2024, we organized 18 training sessions covering laws and regulations, fire drills, occupational health, hazardous chemicals, etc., including 2 special training sessions on occupational health, 2 special training sessions on environmental protection and hazardous chemicals, and 2 special training sessions on heatstroke prevention and protective equipment knowledge. The training basically covered all production site employees of the Company and its subsidiaries.

Fire Safety

In 2024, the Environmental, Occupational Health and Safety Management System (EHS) Working Group held a series of production safety emergency drills to practically improve its emergency response capability. In May and July, we carried out practical drills of fire extinguishers, hydrants and other fire equipment and facilities to strengthen employees' firefighting skills. In July, we carried out emergency drills for sudden incidents in underground spaces and emergency rescue drills for operations in limited spaces to improve employees' emergency response level in special environments. In August, the Working Group organized a comprehensive emergency drill for hazardous chemical leakage and occupational health and environmental emergencies in the chemical laboratory of the R&D department to further improve the safe management level of the laboratory. By carrying out these series of practical drills, we effectively improve the emergency response capability and equipment operation skills of relevant personnel, thereby providing powerful guarantee for production safety of the enterprise.

In June 2024, an opening ceremony of Safety Production Month in Jiangqiao Town, Jiading District was held in the Company. The activity involves training on fire extinguishing knowledge, explanation of fire equipment usage and simulation of practical drill for underground garage fire alarm to further strengthen the employees' awareness of production safety. The joint drill carried out by the Company's employees and members of Jiangqiao Fire Brigade greatly improves the skills of using fire equipment.

In 2024, 2023 and 2022, the Group had no work-related deaths; in 2024, the Group had three work-related injuries (2023: 1 person) and 166 work days lost (2023: 25 days) due to work-related injuries.

6.3 Development and Training

Innovation is a driving force for development. The development of the Group is driven by the innovation of employees. Therefore, the Group provides a series of trainings to the employees based on the Group's development and job requirements, including both internal and external trainings. During the reporting year, the Group invested a total of RMB200,000 in training, with an average annual training time of 18.07 hours per employee. Induction training was provided to new employees, with an annual average training time of 12 hours per new employee.

We have established a scientific three-level assessment management system which decomposes the annual operation target into specific target of departments and employees, and implemented a monthly assessment mechanism, including the formulation of work plans at the beginning of the month, guidance on work progress during the middle of the month, and performance evaluation at the end of the month. We strictly follow standardized processes in the assessment and evaluation process: firstly, employees conduct self-evaluation, department managers score based on their work performance, and the evaluation team organizes communication to confirm the assessment results. If an employee has objections to the assessment results, the employee can submit his/her opinions. The evaluation team will conduct investigation for verification and communicate again. The final assessment results shall be confirmed by the employee. This assessment system effectively ensures the implementation of target tasks at all levels and the objectivity and fairness of performance evaluation.

Our training policies are provided in the Employee Handbook (《員工手冊》), primarily including the following:

Regular training, i.e. new employee induction training, which covers company rules and regulations, professional ethics, process hygiene, operating procedures, production safety, corporate culture, job knowledge, etc. It is mainly organized in the form of on-site training, online video learning, and mentor-apprentice teaching;

Training on need, i.e. providing training to staff on operational skills, theoretical knowledge, and management skills as needed, which also can be classified into annual training program and provisional training program, and further classified into internal training and external training according to different trainers (the annual training program refers to a training program formed at the beginning of the second year in accordance with the training requirements of each department collected by the human resources department in December).

In order to improve employees' understanding of climate change related issues, the Company has formulated a relevant training program, which includes but is not limited to scientific facts, impacts and challenges of climate change, the Company's strategy and objectives to address climate change, low-carbon technologies and sustainable development, etc. Training is conducted in the form of online or offline courses to further enhance employees' ability and awareness in addressing climate change. The training covers all employees of the Company, especially the management and employees in key positions. In 2024, the Company organized an emergency response drill simulating the leakage of hazardous chemicals to pollute the environment, with a total of 15 employees participating in the training.

The human resources department is also responsible for the recording and verification of the effectiveness of training. In 2024, we carried out 374 offline training courses with 4,584 training participants. Except for the two traditional forms of training, namely training session and seminar, we have also proactively launched online training relying on third-party platform. In 2024, we have organized 35 online trainings, with 458 training participants and online training coverage rate of 9.08%, covering all aspects of production and operation. Furthermore, the recording and broadcasting functions of online courses have greatly facilitated the staff in the arrangement of office hours, widen the coverage of trainees and enhanced the effectiveness of training courses. Meanwhile, we encourage employees to be internal trainers to share knowledge and experience and lead team to grow. As of the end of 2024, the Group has a total of 51 internal trainers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As at the end of the Reporting Period, the statistics on the training of employees of the Group are as follows:

Percentage of employees trained and average training hours by gender:

	2024		2023	
	Percentage	**Average training hours (hour/year)**	Percentage	Average training hours (hour/year)
Male	**100%**	**19.8**	100%	11.6
Female	**100%**	**17.1**	100%	11.0

Percentage of employees trained and average training hours by employee grades:

	2024		2023	
	Percentage	**Average training hours (hour/year)**	Percentage	Average training hours (hour/year)
Middle and senior management	**100%**	**33.8**	100%	32.0
Junior employees	**100%**	**18.4**	100%	10.4

The development of employees themselves is extremely important to the Group's innovative development. The Group adheres to the principles of objectivity, fairness and seeking truth from facts and conducts monthly performance appraisals. Based on specific and measurable work objectives formulated each month and confirmed with supervisors, the authorized appraisal evaluators score the appraisals by evaluating the fulfillment of job duties, the completion of targets, the values, the implementation of the system, the attendance, and the compliance with the Code of Conduct, among other aspects.

We focus on the development of our employees by providing incentive mechanisms. The mechanism is divided into two parts: short term and medium and long term. Short term mechanism refers to the monthly performance index, which is based on the Company's strategic plan to develop the annual tabulation of the department and decompose to the monthly index, which also becomes the post assessment bonus. The medium and long term mechanism is the share incentive, which is used for some employees who have reached a certain length of service and salary level. The number of employees who hold share incentive among middle and senior employees accounts for 63.41% of the employees in this category, and the number of employees who hold share incentive among junior employees accounts for 3.1% of the employees in this category, accounting for 3.0% of the total employees of the Group.

6.4 Labor Standards

The Group advocated a partnership culture where employees and enterprises grow together, shoulder responsibilities together, and share together, so as to arouse their passion at work. However, forced labours are strictly prohibited by the Group.

Employment in Compliance with Laws

The Group recognizes employment is an agreement entered into between an employer and an employee on a willing basis. The Group respects the rights of its employees. Withholding of valid documentation, charge of deposits and forced labour are strictly prohibited by the Group during employment. In compliance with the relevant laws and regulations of the government, we implement a standard, comprehensive or flexible working system respectively subject to different jobs, and protect our employees' rights of rest and holiday. During the reporting year, the Group provided an average of 6 paid holiday days (2023: 6 days) to employees.

No forced labour was employed by the Group during the reporting year.

Prohibition of Child Labour with Careful Examinations

In accordance with the relevant laws and regulations, such as the Law of the People's Republic of China on the Protection of Minors (《未成年人保護法》) and the Provisions on the Prohibition of Child Labour (《禁止使用童工規定》), the Group and its subsidiaries explicitly prohibit the employment of persons under the age of 18 and conduct strict examinations in the recruitment process so as to avoid the employment of child labour. All of the Group's employees should show the original identity card and submit the copy with the employee's signature for filing on enrolment, for the purpose of ensuring the recruited employee is above 18 years old. The human resource department of the Group conducts irregular inspection on the recruitment procedures and employee information of the Group and its subsidiaries and a mutual supervision and whistle-blowing system is implemented among different departments. Where the misuse of child labour is discovered, the Group will immediately terminate the employment and conduct an investigation on the relevant people involved therein.

No child labour was employed by the Group during the reporting year.

7 SUPPLY CHAIN MANAGEMENT

Adhering to a quality-oriented and customer-based principle of development, the Group maintains high standards and strict requirements on product quality and extents to the supply chain management. The Group has established the Supplier Management System (《供方管理制度》) for the purpose of reasonable selection and assessment of suppliers, and the system is continuously updated to take into account the actual situation of the Company.

Strict Admission Threshold and Pursuit of Quality

The Group continuously promotes the establishment of a comprehensive supplier management system, carries out classification management, evaluation and supervision of suppliers, and continuously improves the quality and service level of suppliers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In selecting suppliers, the purchasing department, quality department and technology department form a joint appraisal group responsible for new supplier investigation and on-site inspection, including the verification of general qualification materials, quality system assessment, sample test and sample verification, to ensure production quality. The Group gives due consideration to the sustainability of suppliers and requires that all materials provided by suppliers should meet environmental protection standards, and at the same time prefers to select suppliers that can provide environmentally friendly products.

In terms of occupational health and safety management, suppliers shall strictly comply with relevant national laws, regulations and industry standards, and establish and improve an occupational health and safety management system to ensure that the workplace meets quality, health, and safety requirements. Suppliers shall systematically identify hazardous factors in the work environment, scientifically assess risk levels, and take effective control measures to actively prevent occupational injuries and diseases, and strive to create a work environment without accidents. In terms of business ethics, suppliers shall adhere to the principle of commercial integrity, and ensure that their operation activities, products and services fully comply with national laws and regulations. The rights and obligations of the contract shall not be transferred and subcontracted without written authorization from the purchaser. Any form of violations of law and discipline such as corruption, bribery, fraud, extortion, etc are strictly prohibited. We shall effectively maintain a good commercial order. Suppliers shall establish a sound internal supervision mechanism to ensure that the above requirements are effectively met throughout the entire production and operation process.

We also incorporate environmental indicators into the assessment system, including assessing energy efficiency of production processes, sewage treatment facilities, and renewable energy of suppliers. We require suppliers to provide detailed production process instructions to introduce their energy usage, raw material sources and pollutant emissions. Besides, we will check their environmental certificates and green product certificates, such as ISO 14000 environmental management system certificate. In addition, we will also investigate suppliers' factories to check the operation of environmental facilities and environmental management of suppliers, and refer to industry reputation and reports from third-party evaluation agencies. For qualified suppliers, we will conduct regular audits and supervision to promote their continuous improvement. Meanwhile, due to the differences in environmental policies and regulations among different countries and regions, we will fully understand and comply with local environmental requirements to respond to country risks. For example, we will actively respond to the introduction of the European Union's life cycle cost method and the UK's green procurement policy to ensure that suppliers comply with relevant environmental standards.

Channel Stabilization and Emergency Management

With 1 new supplier added in 2024, the coverage rate of new supplier inspection was 100%, and the pass rate was 100%. For new suppliers that fail the investigation or on-site inspection, they will be eliminated directly without re-inspection.

Suppliers who pass the above appraisal processes will be included in the List of Qualified Suppliers (《合格供方名錄》). Meanwhile, subject to the extent of effect of raw materials on the quality of products, the Group divides the suppliers into several categories for management. The two key categories of suppliers having a crucial and auxiliary effect on product quality will be re-appraised annually. The reappraisal of suppliers involves five aspects: qualification, reputation, quality, price, delivery and service, and further their production capacity, experience, quality system certification, constraints and other indicators are analyzed, then a Supplier Reappraisal List (《供方再評價記錄表》) will be produced after reappraisal. Before signing a contract, we conduct sufficient negotiation and consultation with the suppliers in order to clarify the responsibilities and obligations of the suppliers and stipulate clear delivery deadlines, quality standards and prices of the products, etc. After identifying the suppliers, we will promote the signing of a formal contract in a timely manner and fulfill our obligations in strict accordance with the terms of the contracts to avoid disputes and breach of contracts. The Group will conduct an inspection based on the information submitted by suppliers, and the frequency is once a year. For existing suppliers, when the supplier's production, process and other factors lead to the provision of substandard materials or a quality risk, the Company will once again organize an onsite inspection on the supplier. In 2024, the Company organized 11 on-site re-inspections on suppliers.

The distribution of the Company's suppliers is as below:

Unit: supplier	2024	2023
Domestic suppliers	86	85
of which, Northern China	1	1
Eastern China	63	62
Southern China	14	14
Central China	1	1
Southwest China	0	0
Overseas suppliers	7	7

As an enterprise manufacturing medical device, our products are not only of commercial nature, but also charged with the sacred mission of disease treatment and health recovery. Therefore, we insist on safety first and efficiency second in respect of supply chain management. Safety refers to reliable product quality and continuous product supply. We deeply understand that the stability of product quality is closely related to the stability of supply chain. The stability of supply chain is not only related to products but the supplier's environmental and social condition and its management as well.

The Group has established the Supply Chain Environmental and Social Risk Management System (《供應鏈環境及社會風險管理制度》) and the Supply Disruption Emergency Management Method (《供應中斷應急計劃管理辦法》). During our daily work, we keep frequent communication with our selected suppliers, pay attention to changes in the production conditions and processes of the said suppliers and other crucial factors which may affect quality, and keep an eye on the social responsibility performance of suppliers and the effect thereof on their product supply in order to ensure the Group's normal production and delivery to meet the market needs in the event of disruption of supply of products originally purchased.

8 PRODUCT RESPONSIBILITY

Quality is a silent advertising of products and a cornerstone for an enterprise to establish product reputation, industry position and corporate reputation. For a medical device enterprise, we assume great responsibility for the management of product quality, as the quality of medical device represents the confidence for health recovery and carries the hopes for the quality and length of life for billions of users. With its outstanding achievements and innovative strength in the field of biopharmaceuticals, INT Medical was honored to be selected into the List of the Second Batch of Innovative Enterprise Headquarters in Shanghai, becoming one of the 10 outstanding innovative enterprises in the field of biopharmaceuticals.

Outstanding Quality and Reliable Reputation in Medical Device Industry

The Group strictly complies with the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), the Medical Device Supervision and Administration Regulations (《醫療器械監督管理條例》), the Administration Regulations on Medical Device Production Quality (《醫療器械生產質量管理規範》), the European Medical Device Regulation (MDR), the US Quality System Regulation (QSR 820) and other laws and regulations in relation to product quality. A quality management system has been established based on relevant regulatory requirements, and the system is continuously improved and managed using a process approach from identification of production requirements to customer satisfaction evaluation to ensure its effectiveness, suitability and adequacy.

It has established the Monitoring and Measuring Device Control Procedures, the Work Environment Control Procedures and the Production and Service Control Procedures, pursuant to which, the Group implements quality control over incoming materials, production process and finished products. All incoming materials will not be accepted until inspection, and each production process is monitored and each finished product shall receive final quality test, thus realizing the quality control in all aspects.

In terms of selection of raw materials, we adhere to the concept of environmental protection, avoid the use of materials containing heavy metals and toxic chemicals that are harmful to the environment and human health, and reduce environmental pollution during the production, use and waste disposal of products.

In the production and manufacturing process, we are committed to using green production processes, and actively introducing clean production technologies to reduce energy consumption and waste gas emissions, and realize green management of the production process. We improve the automation level of production equipment to reduce the impact of human factors on the production environment. In addition, we highlight energy saving and adopt efficient energy management systems. By taking many measures, such as using energy-saving equipment and optimizing process flows, we effectively reduce energy consumption in the production process, thereby reducing carbon emissions.

During storage and transportation, we optimize packaging design and use environmentally friendly packaging materials to reduce the packaging wastes. In addition, through reasonable packaging design, we improve the protection performance and transportation efficiency of the package, reduce the possible damages during transportation, and reduce the need for secondary packaging.

The sterile performance of medical devices and their packaging is the basic guarantee of product safety and efficacy. The Group has clarified the special requirements on sterile medical devices, and formulated the Ethylene Oxide Sterilization Confirmation and Routine Control Procedures for the sterilization methods of products. The sterilization records of medical devices can be traced back to each production batch. The Group ensures conformance with product standard requirements, by standardizing the sterilization process, setting the sterilization parameters reasonably, and verifying the sterilization effect of the product by the review team. The packaging of medical devices is also an important barrier to maintain the sterility and effectiveness of products. The Group has established and implemented the Procedure for Control of Sterile Barrier System Confirmation, clarifying the requirements on packaging verification scheme, in order to achieve the functions of microbial barrier and physical protection, and to ensure the safety and reliability of products.

Being concerned about the quality safety of products, the Group has formulated the Procedures for Control of Non-Conforming Products, which stipulates the input, review and processing procedures for non-conforming products. If any unqualified product is found before delivery, the relevant product will be identified, recorded, isolated and inspected. The Quality Department will cooperate with the responsible department to investigate the cause, and the responsible department will formulate reasonable measures to deal with it. If any unqualified product is found after delivery, relevant enterprises and downstream terminal hospitals will be notified in a timely manner, and measures to recall or destroy products will be taken. At the same time, we have also formulated the Medical Device Product Alert Control Procedures, setting out early warning plans for post-market products, and such products are regularly monitored and evaluated to ensure product safety. Pursuant to the Measures on the Adverse Events Monitoring and Re-Evaluation of Medical Device (《醫療器械不良事件監測和再評價管理辦法》), the Group has established the Reporting Procedures for Adverse Events Control (《不良事件控制報告程序》) and the Product Return and Replacement System (《退換貨管理制度》), to ensure the effectiveness of the product recall mechanism. Generally, the Group has the following two forms of product return:

(1) Product recall: the management organizes the relevant department to make a comprehensive assessment on the suspected adverse event and, if the result shows that a handicap exists and a recall must be made, will issue a recall notice immediately and report to the National Medical Products Administration; and

(2) Product return and replacement: any product with any quality problem before the expiry date may be returned or replaced unconditionally, if proved to be true, or in other cases, the marketing department shall identify the reasons for return and replacement and address appropriately.

During the Reporting Period, the Group has not had any incidents requiring product recalls due to safety and health reasons.

In 2024, we made significant progress in product process innovation. By adding automated equipment to the production line, the coverage of automated equipment has been significantly improved. It is estimated that the cost saved by production process optimization in 2024 is approximately RMB4.87 million, and the total cost reduced due to the application of new processes accounts for 1.61% of the sales cost.

Medical device is a special category of commodity closely related to life safety and physical health. The Group strictly abides by the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》), the Administrative Regulations on Medical Device Instruction and Label (《醫療器械説明書和標簽管理規定》), the Review Measures for Medical Device Advertising (《醫療器械廣告審查辦法》) and other relevant laws and regulations, and has established a Label and Instructions Management System (《標簽、説明書管理制度》) to ensure the correct use of labels and advertisings and prohibit false advertising.

To further enhance product safety, we increased the number of clinical visits and expanded our coverage, collected more information and feedback after product use, and improved the risk control management process for our products.

During the Reporting Period, no false promotion or untrue advertising in respect of advertising and labels occurred within the Group.

Industry Exchange, Science and Technology Leading

INT Medical continuously increases R&D investment and product innovation, keeping its leadership in patent quantity and quality. In addition, the Company constantly enriches and rapidly updates its product lines to meet market demand changes and improve product accessibility. In the Notice on List of Shanghai Manufacturing Single Champion Enterprises (2024) (《關於上海市製造業單項冠軍企業(2024年度)名單的公告》) issued by Shanghai Municipal Commission of Economy and Informatization, the Company is included in this list for its excellent performance and outstanding contributions to this industry. We actively deepen the market expansion and have successfully entered the global market by obtaining many international certifications, reducing the risk of dependence on a single market and expanding product coverage. As a listed company, we keep transparency in finance and product sales information, which helps market participants accurately obtain market information, make reasonable purchasing decisions, and further enhance the accessibility of global medical and healthcare products. During the Reporting Period, the Group invested RMB190 million in the research and development of scientific and technological innovation.

INT Medical is committed to cooperating with top universities and hospitals to jointly research and develop innovative medical devices, with a view to improving R&D efficiency, reducing costs, and promoting innovation and development of related technologies.

- Cooperate with Shanghai Ninth People's Hospital, Shanghai Jiaotong University School of Medicine in researching and developing bone marrow puncture aspiration circulation devices:

    1. Improve R&D efficiency: With the help of the hospital's clinical experience and professional medical knowledge, accurately grasp clinical needs and shorten the R&D cycle.

    2. Reduce costs and increase income: Share resources and reduce investment costs of INT Medical. After the product is launched into the market, it is expected to occupy higher market share and sales revenue.

    3. Technological innovation: Promote technological exchange and cooperation, and combine with the hospital's clinical experience and the technology advantages of INT Medical to jointly develop innovative devices and promote technological development.

- Cooperate with Shandong University in researching and developing artificial bone products:

  1. Improve R&D efficiency: Utilize the research strength of Shandong University in fields such as materials science and biomedical engineering to accelerate the R&D process.

  2. Reduce costs and increase income: Share scientific research equipment and resources to reduce the investment in equipment procurement and laboratory construction, and reduce R&D costs. After the product is launched, it is expected to bring considerable sales revenue.

  3. Technological innovation: Get access to cutting-edge scientific research technologies and innovative concepts, jointly carry out R&D projects to promote innovation in artificial bone technology, promote deep integration of industry, university and research, create independent intellectual property products and achieve related technological inventions.

Implement a Range of Measures to Promote Medical Innovation and Resource Optimization

- Innovation in cooperation mode: During the Reporting Period, our Shandong INT Innovative Medical Instruments Industrial Park was put into operation in Rizhao. For this project, the building area is larger than 48,000 square meters, with products covering many fields such as high-end cardiovascular interventional medical devices, cosmetics, food, and high-end packaging materials. Through hospital and enterprise cooperation as well as university and enterprise cooperation modes, the resources of all parties are integrated to promote local collaboration of medicine and engineering and the transformation of medical achievements, thus driving the comprehensive development of the entire biomedical industrial chain.

- Construction of the cardiovascular health technology innovation consortium: Participate in the construction of Rizhao Cardiovascular Health Technology Innovation Consortium. This consortium, with enterprises as the main body and market as the guide, promotes the deep integration of industry, university and research, and is an important organization for technological innovation in the cardiovascular field. It not only provides a high-end exchange and cooperation platform for experts and entrepreneurs in the cardiovascular field, but also significantly enhances the overall level of medical device innovation, artificial intelligence + pharmaceuticals, drug research and development, and medical services in Rizhao.

- Support for and cooperation with primary medical resources: By actively responding to the national call, we deeply participate in many inter-provincial volume-based procurement projects, including general interventional medical consumables and neurological medical consumables. By participating in volume-based procurement, our products can enter primary medical institutions at more reasonable prices, effectively improving the accessibility of primary medical resources. This measure is of great significance for low-income social groups and minority groups.

Focus on Demands and Protection of Privacy

Focus on Demands and Optimization of Services

Customer demands serve as the driving force for us to allocated resources to research and development for further improvement. Accordingly, we focus on customer demands by working closely with doctors, hospitals and research institutions in research and development of products, and understand the requirements for product delivery including performance, delivery time, packaging materials, etc. to develop clinically effective products that meet clinical needs. We also attach great importance to customers' feedbacks. The Group has established a Feedback Control Procedure to collect customer satisfaction and complaints at any time with a view of improving product quality.

The Group collects feedback information in a variety of ways, mainly including visits and surveys, questionnaires, direct customer feedback, market information, research reports, etc., to further understand customer feedback on product quality, contract performance, etc., thus better respond to the market changes in demand and enhance competitiveness. We collect Customer Satisfaction Survey from our cooperative customers in December annually, register the Customer Feedback Record Form in time to collect and analyze feedback information, and evaluate the final disposal results.

In terms of handling customer complaints, the Group has established the Procedures for Complaint Handling Control (《投訴處理控制程序》) to standardize the handling and process of customer complaint information feedback, providing customers with various communication channels including mail, telephone and WeChat, etc., and requesting response to customers within 1 week to provide information support for the Company's products and services. The Company has set up a special post to accept the complaint information, and record the content of the complaint. After preliminary screening, the complaint that is judged to be reasonable will be investigated within the Company, and relevant products will be disposed of in a timely manner. In addition, the Company will initiate corrective and preventive measures according to the severity of the incident, clarify the specific responsible department and person in charge, and track customers' recognition of the handling measures and results.

The Group attaches great importance to the utilization of customer complaints and feedback information. The marketing department undertakes the responsibility to conduct analysis on product quality, attitude towards customers, timeliness of delivery, timeliness of reply and other aspects, to assess whether the customer's comprehensive evaluations are in line with the Group's quality objective, and then provide classified feedbacks to respective departments for them to develop improvement measures. For instance, all information about product design including change of packaging, addition to model and other aspects, is required to inform the technology department, so that the technology department will alter design in case of necessity. Additionally, all the proposals relating to product design put forward by clinical organization as well as quality supervision and inspection centre during their daily work, shall inform the technology department by registration department, so that the technology department will alter design in case of necessity. Upon settlement of the events by responsible departments, the outcome shall be fed back to the provider of feedback in a timely manner.

The Company actively carries out customer satisfaction surveys in the aspects of product quality, logistics efficiency, response timeliness, customer service and others respectively, and further follows up by mail or phone. During the Reporting Period, the Group issued 378 Customer Satisfaction Survey (2023: 444) with 283 collected (2023: 317), and achieved a high overall satisfaction rate of 95.0% (2023: 96.2%). During the Reporting Period, the Group had not received any complaints on products and services.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Protection of Privacy to Ensure Security

In strict compliance with Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) as well as relevant laws and regulations at the places where it operates, the Group formulated Information Security Management System (《信息安全管理制度》) and Confidentiality Management System (《保密管理制度》). For the Company's technical information, business information and other information that belongs to others but the Company should bear the obligation of confidentiality in accordance with the provisions of the law or relevant agreements, the Company has set three confidential levels of "top secret", "confidential" and "privacy". The middle management and above in the company are required to take the lead in consciously adhering to the confidentiality system, and regularly provide confidentiality education to employees in various forms to enhance their awareness of confidentiality.

The Chairman of the Board of Directors is in charge of privacy and data security, information security and cyber security governance of the Group at the Board level. The executive management team is the network administrator of the Administration Department, whose duties are to ensure the normal operation of the network, configure various types of network services, and be responsible for the deployment and follow up of internal and external network information security systems, the implementation of various types of information security laws and regulations, and the implementation of the patented project. In terms of hardware, the Group restricts the staff to bring the data in the computer out of the Group, installs encryption software on office staff's work computers, and the network administrator of the Administration Department is fully responsible for the unified setup of computer user accounts, passwords, hardware and software configurations of the Company, and keeps them confidential; all documents are encrypted, and the encrypted documents cannot be opened by other external devices even if they are sent out. They can only be decrypted by department head through the system to reduce the possibility of information leakage and ensure customer privacy. In terms of the system, employees in positions involving trade secrets and technical secrets have signed confidentiality agreements upon entry. Employees are responsible for confidentiality of information related to customer property and privacy that they come into contact with (including unintentional contact) during work. This year, we improved our records, encrypted customer information, and established a management system to protect customer privacy. The Company provides information security training for all employees once a year to improve their security awareness and response capability.

In 2024, the Group took a series of measures to protect customer privacy and reduce information collection and storage. In terms of privacy protection, the Company has formulated clear privacy policies to inform customers of the purpose and scope of information collection and use, and obtain explicit consent from customers; at the same time, the data is encrypted and strict access control is implemented to ensure data security; in addition, we conducted privacy awareness training for employees to reduce the risk of privacy leakage caused by human error. In terms of information collection and storage, the Company follows the principle of minimization of collection and only collects customer information that is relevant and necessary for the business; data is classified for storage to facilitate retrieval and use, while reducing unnecessary information collection; besides, it establishes a regular data cleaning mechanism to delete expired and useless information in a timely manner to reduce the risk of data leakage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To ensure the timely and effective handling of information security incidents, we have formulated the following reporting processes. When any suspicious information security incident is found, employees should promptly discover it through the monitoring system or daily operations, and immediately report the time, place and phenomenon of the suspicious incident to their direct superiors. After receiving the report, the superior should quickly organize relevant personnel to collect detailed information, including the affected system, the impact caused and the preliminary cause, and report it in detail to the IT department within 1 hour. During the incident handling process, if there are new important situations or the investigation makes phased progress, it should be reported in a timely manner. Within 5 working days after the incident handling is finished, the incident should be comprehensively analyzed and summarized, and a report should be formed and reported through the original channels.

The Group will not provide patient outcome data to all stakeholders. We will disclose the progress of some clinical trials on our official website and public platform to ensure that stakeholders can obtain the latest information in a timely manner. However, due to confidentiality requirements, other patient outcome data will not be made public. This includes clinical trials, patient-level clinical research data related to safety and effectiveness, cost-effectiveness analysis, etc. INT Medical adopts different data access and transparency strategies for different stakeholders such as the payers, regulators, healthcare professionals, patient advocacy groups and patients. For regulators and healthcare professionals, we may provide certain data when necessary, but such data are typically de-identified to protect patient privacy. For patient advocacy groups and patients, we may provide some general information to help them understand the safety and effectiveness of our products, while ensuring the data security and privacy.

There was no violation of customer privacy protection in the Group during the reporting year.

Safeguard of Intellectual Property Rights and Encouragement of Innovation

For a medical device enterprise whose development depends on highly professional efforts and long-lasting concentration, innovation is the source of development, while sustained innovation is where the enterprise vitality lies. Therefore, the Group not only fosters and supports innovation, but also protects innovation achievements made.

In strict compliance with the Patent Law of the PRC (《中華人民共和國專利法》), the Implementation Regulations for the Patent Law of the PRC (《中華人民共和國專利法實施細則》) and other laws and regulations, and by reference to Certain Opinions on More Strict Patent Protection (《關於嚴格專利保護的若干意見》) issued by the State Intellectual Property Office and the 13th Five-Year National Intellectual Property Rights Protection and Application Planning (《"十三五"國家知識產權保護與運用規劃》) published by the State Council, the Group has established a series of management policies, including Administrative System for Intellectual Property Rights (《知識產權管理制度》), Administrative System for Patents (《專利管理制度》), Trademarks Management Policy (《商標管理制度》), Management System for Corporate Copyrights (《企業著作權管理制度》), Trade Secret Management Policy (《商業秘密管理制度》), Reward and Penalty Policy for Intellectual Property Rights (《知識產權獎罰制度》), Intellectual Property Contingency Plan (《知識產權應急方案》), "Intellectual Property Contract Management Method"(《知識產權合同管理辦法》) and "Intellectual Property Utilization Management Method" (《知識產權運用管理方法》) to strengthen safeguard of the Group's intellectual property rights, inspire initiative from our staff to make inventions and innovations and boost the promotion and utilization of technical achievements. As of the end of the Reporting Period, the Group had a total of 180 R&D positions and over 500 R&D personnel.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The intellectual property management of our Group follows the principles of unified management, division of labour and cooperation, and orderly regulation. The Group's intellectual property rights related matters are managed by the general manager office. The general manager office takes the responsibility to develop and protect the Group's intellectual property rights such as trademarks, reputation and achievements, and to make sure that the Company has effectively conducted intellectual property rights protection works mainly by adoption of the following measures:

- Strengthening the publicity of intellectual property rights protection: We have arranged courses on intellectual property rights and its related laws, and organized regular or irregular training for management and technicians at the headquarters and from subsidiaries of the Group, to enable them to get familiar with and grasp intellectual property rights related laws, such as the Patent Law and Trademark Law, thereby promoting their awareness of intellectual property rights protection;

- Encouraging technicians to devote to innovation: We have set up awards such as the "Innovation Achievement Award", "Technology Improvement Award", "Technology Invention Award", "Design Program Award", "Computer Program Award", "Transformation of Achievements Award" and "Intellectual Property Information Award" to reward outstanding individuals who actively devote to creation in their positions and inventions with evident economic efficiency, bright market prospects and prominent energy-saving and environment-friendly effects;

- Protecting the Group's intellectual property rights: We have formulated a confidentiality system and adopted measures related to non-competition, and stipulated confidentiality-related clauses and clauses related to the attribution of intellectual property rights at the time of signing an agreement to avoid the disclosure of technological secrets. We apply for patent protection for newly developed technologies, register trademarks timely. The Technology Department is responsible for the management of intellectual property rights and technicians shall report their service inventions in a timely manner. A patent engineer position was set up to be responsible for patent related affairs, while the general manager office shall assist them in the file and protection of patents. In case of external infringement, the general manager office will work with the legal department for settlement, with no exclusion of litigation; and

- Avoiding infringement of intellectual property rights: We will conduct patent searches and investigate the existing patent protection of relevant technologies before technology development; if new technology development is involved in cooperation with external parties, we will agree on the legal and compliant provisions of intellectual property rights in the contract to avoid infringing on intellectual property rights by the cooperation partner.

The Company invests a certain proportion of funds every year in scientific research and development for new products, technical equipment renovation and other aspects. During the reporting year, the Group applied for 74 new patents. As of the end of the Reporting Period, the Group has applied for 643 patents in total, including 215 patents under application (160 invention patents, 45 utility model patents and 10 design patents), 406 granted patents (86 invention patents, 289 utility model patents and 31 design patents), 12 software copyrights under application and 21 registered software copyrights. The Group has obtained the certification of intellectual property management system.

9 ANTI-CORRUPTION

Any misconduct in commercial activities, such as corruption, bribery, extortion, fraud or money laundering, violating the enterprise's interests, violating the principle of fair trade or damaging the enterprise's reputation, will seriously disrupt the Group's normal management and operations. The Group therefore firmly opposes and expressly prohibits these kinds of misconducts.

Policy-based Anti-corruption and Prevention First

The Group strictly complies with the Law of the People's Republic of China Against Unfair Competition (《反不正當競爭法》) and follows the rules of fair competition. According to the enterprise's actual situation, the Group formulated Administrative Measures for Anti-corruption and Anti-bribery (《反腐敗反賄賂管理辦法》) and updated the corresponding rules and regulations in April 2023 to refine the punishment measures for violation of anti-fraud regulations, which are mainly in the form of intensified deduction of points in assessment. Based on the full identification of corruption risks, we intensified the management of key processes vulnerable to more frequent corruptions such as materials procurement, outsourcing, infrastructure project, marketing and sales, equipment procurement and maintenance, quality supervision and other economic activities, and of key post personnel during the processes. In view of that, the Group adopts the following measures:

- In organization structure, a leading organization to control commercial bribery is established under the leadership of internal audit department in cooperation with respective departments to combat commercial bribery. The internal audit department is responsible for the supervision over and inspection of commercial bribery prevention;

- In publicity and education, personnel in key process and at key posts are required to sign the Undertakings for Prevention of Commercial Bribery (《預防商業賄賂承諾書》) with units that they have economic interactions with. It is explicitly prohibited to have private money exchanges with suppliers, which regulates the behaviour of both parties to achieve the purpose of integrity and self-discipline, in order to strengthen the publicity and education of policy-based anti-corruption;

- In terms of people management, each department strengthened the management of personnel in key positions. In August 2023, directors, supervisors, senior management, key staff of purchasing and sales in the Parent Company and subsidiaries were requested to sign the Undertaking for Prevention of Commercial Bribery and fulfil the obligations under the anti-corruption related provisions. The Group shall take their performance of the Undertaking for Prevention of Commercial Bribery as an important part of inspection and assessment, and as the important basis of appointment and removal;

- For the sake of prevention first, we conduct investigation and research, such as investigating relevant departments openly and secretly, to grasp the characteristics and rules of dirty dealing and commercial bribery. We also study and put forward specific solutions and measures to realize effective prevention from education, policy, supervision and other aspects;

- Set up a report box for the prevention of commercial bribery, and publicize the report phone +86 21 59140056;

- Timely handling of issues discovered in the prevention of commercial bribery. In the prevention of commercial bribery, departments are required to promptly stop or handle any violations, and report to the anti-commercial bribery leader. Those suspected of committing crimes should be transferred to judicial authorities for processing;

- The Company's internal audit department conducts supervision and inspection based on its responsibility and authority, and deals with or makes recommendations on non-compliance with the Undertaking for Prevention of Commercial Bribery for personnel in important positions; and

- If the persons of units engaged in economic activities refuse to fulfil the Undertaking for Prevention of Commercial Bribery, they shall be held responsible in accordance with relevant regulations. If it constitutes a crime of commercial bribery, they shall be handed over to judicial organs for criminal responsibility.

The Group advocates an honest corporate culture, guides employees to act in accordance with the law, be honest and trustworthy in their respective positions, and conduct anti-corruption training for all new employees. In 2024, 2 anti-corruption trainings were organized, with 400 participants in total, covering the heads of all departments of INT Medical, administrative personnel of each company, personnel related to procurement, etc.

Enhanced Supervision and Honesty and Self-discipline

In terms of anti-fraud, the Group has formulated the Anti-Fraud Management System to promote the integrity and self-discipline of all employees, and reduce the operational risks of the company. The anti-fraud behaviour norms clearly prohibit employees from taking advantage of their power and position to seek improper benefits, including using their position or company resources, business channels, trade secrets, intellectual property, etc. to engage in profit-making activities or benefit transmission for themselves or others, accepting various types of rebates, handling fees, commissions, and personal ownership of marketable securities. The General Manager's Office is the anti-fraud management organization of the company, responsible for investigating, collecting evidence, accepting reviews, and publishing investigation results for violations of this system; as the first responsible person for anti-fraud, department heads should promptly report to the General Manager's Office when relevant violations are discovered.

In order to improve supervision mechanism, the Group set up a report box and announces the report hotline to prevent commercial bribery and accept whistle-blowing of corruption cases among the Group's employees and external partners. Once reported, the administration department shall curb or deal with the case timely upon careful investigation and prudent consideration, and notify such case to relevant departments. In case that the reported act involves criminal activities, it shall be transferred to the judiciary authorities. At the same time, we well protect whistleblowers and has clarified a series of measures to protect whistleblowers. We promise to strictly keep confidential for personal information of whistleblowers and reported information, conduct investigations based on the principle of least informed, and strictly prohibit any retaliation in any form.

The supervision measures are not just intended to identify corruption, embezzlement and commercial bribery issues in business activities, but also intended to correct the wrong doers' misconduct and relief them from crime risk. The strict institutional construction, rigorous supervision mechanism and down-to-earth publicity and education enable our staff to truly feel a kind of corruption-free, self-disciplined clean and upright enterprise culture, where they dare not, must not and want not to commit corruption.

During the Reporting Period, there was no misconduct detected in the Group's commercial activities, and no relevant reports received.

10 COMMUNITY INVESTMENT

Community is the macro environment on which enterprises depend for survival.

The Group has put in place the Corporate Social Responsibility Task Management Policy (《企業社會責任工作管理制度》) and Management Policy on Community Engagement and Community Investment (《社區參與及社區投資管理制度》), and has integrated corporate social responsibility task into its daily management and work plan, including that each of the primary business department organically integrates social responsibility task with its own work, penetrate social responsibility task into its principal business as well as seriously conducting environment protection, employees' volunteer activities, protection of the stakeholders' interests, the collection and report of information about corporate social responsibility and other works each subordinated company take charge of. The leading group of corporate social responsibility at headquarters of the Group is responsible for the overall guidance, implementation and supervision of corporate social responsibility task, and also makes decisions with respect to specific matters.

Enhancing Healthcare Accessibility

Medical devices, as an important part of medical services, are of great significance in improving the accessibility of medical products at the social level, especially for people in remote and needy areas and underdeveloped countries to be able to enjoy quality medical products and services.

The Group actively promotes medical accessibility and supports programs to improve the accessibility of medical products, and is committed to improving access to medicines involving disadvantaged groups or underdeveloped countries. In the domestic market, on the hospital end, medical products are sold with price on online platforms, the manufacturer does not have the right to set the price and price difference is relatively small overall. The Company increases the coverage of terminal patients in needy and underdeveloped areas by expanding the scope of the corresponding distributors. In the foreign market, pricing of products is different in developing countries and developed countries. Sales price is reduced by about 20% in developing countries. At the same time, the Company also continues to explore the developing countries and underdeveloped countries to increase the coverage of terminal patients.

Social Welfare

We are enthusiastic about social welfare, actively practice corporate responsibility, and contribute to society. In 2024, the Group donated RMB70,000 to the society, actively giving back to the society; meanwhile, we called on the Group's employees to make contributions. In the blood donation activity organized by the Group, 41 people participated in the blood donation, and the blood donation volume reached 8,200ml, showing the employees' love and dedication and interpreting the social responsibility of the Company.

ESG GENERAL DISCLOSURE REFERENCE LIST

Environmental, Social and Governance Reporting Code set out in Appendix C2 of the SEHK Listing Rules		
Aspect	**Content**	**Chapters**
Part B: Mandatory Disclosure Requirements		
	Statement from the Board	STATEMENT BY THE BOARD
	Reporting Principles	ABOUT THIS REPORT
	Reporting Boundary	ABOUT THIS REPORT
Part C: "Comply or Explain" Provisions		
Aspect A		
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5.1 Emissions Management
	A1.1 The types of emissions and respective emissions data.	5.1 Emissions Management
	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility). Repealed on 1 January 2025	5.1 Emissions Management
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emissions Management
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emissions Management
	A1.5 Description of emission target(s) set and steps taken to achieve them.	5.1 Emissions Management
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5.1 Emissions Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, Social and Governance Reporting Code set out in Appendix C2 of the SEHK Listing Rules		
Aspect A		
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	5.2 Use of Resources
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	5.2 Use of Resources
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.2 Use of Resources
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	5.2 Use of Resources
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5.2 Use of Resources
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	5.2 Use of Resources
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	5.3 Environment and Natural Resources
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.3 Environment and Natural Resources
A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. Repealed on 1 January 2025	5.4 Address Climate Change
	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. Repealed on 1 January 2025	5.4 Address Climate Change

Environmental, Social and Governance Reporting Code set out in Appendix C2 of the SEHK Listing Rules		
Aspect B		
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	6.1 Employment
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	6.1 Employment
	B1.2 Employee turnover rate by gender, age group and geographical region.	6.1 Employment
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	6.2 Health and Safety
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years (including reporting year).	6.2 Health and Safety
	B2.2 Lost days due to work injury.	6.2 Health and Safety
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored	6.2 Health and Safety
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note:* Training refers to vocational training. It may include internal or external courses paid by the employer.	6.3 Development and Training
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6.3 Development and Training
	B3.2 The average training hours completed per employee by gender and employee category.	6.3 Development and Training

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, Social and Governance Reporting Code set out in Appendix C2 of the SEHK Listing Rules		
Aspect B		
B4 Labor Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	6.4 Labor Standards
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	6.4 Labor Standards
	B4.2 Description of steps taken to eliminate such practices when discovered.	6.4 Labor Standards
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	7 Supply Chain Management
	B5.1 Number of suppliers by geographical region.	7 Supply Chain Management
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	7 Supply Chain Management
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	7 Supply Chain Management
	B5.4 Description of practices used to promote environmentally friendly products and services when selecting suppliers, and how they are implemented and monitored.	7 Supply Chain Management

Environmental, Social and Governance Reporting Code set out in Appendix C2 of the SEHK Listing Rules		
Aspect B		
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	8 Product Responsibility
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	8 Product Responsibility
	B6.2 Number of products and service related complaints received and how they are dealt with.	8 Product Responsibility
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	8 Product Responsibility
	B6.4 Description of quality assurance process and recall procedures.	8 Product Responsibility
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	8 Product Responsibility
B7 Anti-Corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	9 Anti-Corruption
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	9 Anti-Corruption
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	9 Anti-Corruption
	B7.3 Description of anti-corruption training provided to directors and staff.	9 Anti-Corruption

Environmental, Social and Governance Reporting Code set out in Appendix C2 of the SEHK Listing Rules		
Aspect B		
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	10 Community Investment
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	10 Community Investment
	B8.2 Resources (e.g. money or time) contributed to the focus area.	10 Community Investment
Part D: Climate-Related Disclosures		
D-I Governance	Governance body responsible for oversight of climate-related risks and opportunities	5.4 Address Climate Change
D-II Strategy	Climate-related risks and opportunities	5.4 Address Climate Change
D-III Risk Management	Processes and related policies to identify, assess, prioritise and monitor climate-related risks	5.4 Address Climate Change
D-IV Metrics and Targets	Greenhouse gas emissions	5.4 Address Climate Change

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Dr. Liang Dongke (梁棟科), aged 47, is the founder of the business of the Group. He was appointed as a Director on 7 June 2006 and as the general manager of the Company on 30 June 2010, appointed as the Chairman of the Board on 26 April 2016 and designated as an executive Director on 8 December 2018. Dr. Liang is primarily in charge of the overall management, business, strategic development, and scientific research and development of the Group. In addition, Dr. Liang holds the following positions in the subsidiaries of the Group:

Name of subsidiary	Position	Period
Zhuhai Derui Medical Instruments Co., Ltd.* (珠海德瑞醫療器械有限公司)	Executive Director	26 February 2016 to present
Shanghai Qimu Medical Instruments Co., Ltd.* (上海七木醫療器械有限公司)	Executive Director and General Manager	17 August 2018 to present
Shanghai Puhui Medical Instruments Co., Ltd.* (上海璞慧醫療器械有限公司)	Executive Director	14 November 2018 to present
Shanghai Healing Medical Instruments Co., Ltd.* (上海翰淩醫療器械有限公司)	Chairman and General Manager	15 February 2019 to present
Hongkong INT Medical Instruments Company Limited* (香港瑛泰醫療器械有限公司)	Executive Director	21 February 2019 to present
Shanghai INT Medical Instruments Automation Co., Ltd.* (上海瑛泰醫療器械自動化有限公司)	Executive Director	22 March 2019 to present
Shanghai Pumei Medical Instruments Co., Ltd.* (上海璞鎂醫療器械有限公司)	Executive Director	12 March 2020 to present
Shandong INT Medical Instruments Co., Ltd.* (山東瑛泰醫療器械有限公司)	Executive Director	13 January 2021 to present
Shanghai Yikai Medical Instruments Co., Ltd.* (上海益凱醫療器械有限公司)	Executive Director	23 June 2021 to present
Shanghai INT Pureray Medical Instruments Co., Ltd.* (上海瑛泰璞潤醫療器械有限公司)	Executive Director	24 November 2022 to present
Shandong Insant New Materials Co., Ltd.* (山東瑛盛新材料有限公司)	Chairman and General Manager	31 March 2023 to present
Shanghai Taijiarui Medical Technology Co., Ltd.* (上海泰嘉瑞醫療科技有限公司)	Chairman and General Manager	25 April 2024 to present

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Liang has nearly 20 years of experience in the medical devices industry. Dr. Liang obtained a Bachelor of Engineering in material science and engineering from Shandong Industrial University (山東工業大學) (now part of Shandong University) in Shandong, the PRC and a Master of Engineering in material science from Shandong University in Shandong, the PRC in July 2000 and December 2002, respectively, and a Ph.D. in biomedical engineering from Dalian University of Technology in Liaoning, the PRC in July 2006. Dr. Liang was qualified as a senior engineer by the Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in October 2014. Dr. Liang also served as the director of KDL from 16 February 2017 to 4 May 2017 and has served as an executive director of Shanghai INT Medical Technology Co., Ltd.* (上海瑛泰醫療科技有限公司) ("**Shanghai INT**") since September 2021 and has served as the director of Shanghai Gelbond Medtech Co., Ltd.* (上海吉爾邦醫學科技有限公司) since June 2024.

His awards and recognitions include "Shanghai Pioneer in Outstanding Technologies" (上海市優秀技術帶頭人) awarded by the Shanghai Science and Technology Committee (上海市科學技術委員會) in April 2014, "Entrepreneur Talents in Technological Innovation" (科技創新創業人才) awarded by the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部) in February 2015, and being selected as one of the scientific and technological innovation leaders in "The Plan for Ten Thousand Talents" (萬人計劃) in June 2016.

Dr. Liang is the husband of Dr. Song Yuan. Please refer to the paragraph headed "Non-executive Directors" below for her biographical details.

Mr. Lin Sen (林森, "Mr. Lin"), aged 55, was appointed as an executive Director and vice general manager on 16 May 2022. Mr. Lin has served as the chief technology officer of the Company since July 2010, the general manager of Shanghai INT Medical Instruments Automation Co., Ltd.* (上海瑛泰醫療器械自動化有限公司) since July 2010, the executive director of Shanghai Puyue Medical Instruments Co., Ltd.* (上海璞躍醫療器械有限公司) since April 2021 and the director of Shandong Insant New Materials Co., Ltd.* (山東瑛盛新材料有限公司) since March 2023. He successively served as the section chief of Taizhou Luqiao Huakangda Plastic Products Factory* (台州市路僑華康達塑膠製品廠) from April 1996 to May 1998, the head of Yuhuan County Qinggang Wumu Plastic Factory* (玉環縣清港五木塑膠廠) from June 1998 to January 2000, and the chief engineer of Shanghai Wonderful Medical Instruments Automation Research Institute Co., Ltd.* (上海萬德福醫療器械自動化研究所有限公司), the predecessor of Shanghai INT Medical Instruments Automation Co., Ltd.* (上海瑛泰醫療器械自動化有限公司) from February 2000 to June 2010. Mr. Lin obtained his bachelor's degree in economics from China University of Geosciences (中國地質大學) in the PRC in 2007.

Non-executive Directors

Mr. Zhang Weixin (張維鑫, "Mr. Zhang"), aged 51, was appointed as a non-executive Director on 8 December 2018. Mr. Zhang is primarily responsible for supervising the management of the Board.

Mr. Zhang has over 28 years of experience in the medical devices industry. From 1996 to 1998, Mr. Zhang served as the vice general manager of Shanghai Safe Medical Device Polymer Co., Ltd.* (上海賽爾富醫械塑膠有限公司), the predecessor of Zhuhai Kindly Medical Instruments Co., Ltd.* (珠海康德萊醫療器械有限公司), which is a subsidiary of KDL. Mr. Zhang was the deputy general manager of KDL from 1998 to 2002, and the director and the general manager of Shanghai Meihua Amsino Equipment Co., Ltd.* (上海美華醫療器具股份有限公司), a former subsidiary of KDL which sells medical equipment, chemicals and other non-hazardous materials, from November 2001 to March 2008 and from March 2006 to March 2008, respectively. Mr. Zhang has served as the chairman of the board of directors of Shanghai Gongye Investment Co., Ltd.* (上海共業投資有限公司), a company engaged in business consulting, investment and domestic trading, since June 2006.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

After obtaining his bachelor's degree in economics through online courses from China University of Geosciences(中國地質大學) in Wuhan, the PRC in July 2007, Mr. Zhang re-joined KDL and served as its general manager from August 2007 to May 2012, its director since September 2010, its vice general manager from May 2012 to February 2017, and its general manager since February 2017. Mr. Zhang has been the director of Shanghai Kindly Moulding Co., Ltd. *(上海康德萊制管有限公司) , a subsidiary of KDL engaged in the production and sale of needle tubes, since March 2017, and the director and the chairman of the board of directors of Zhejiang Kindly Medical Devices Co., Ltd. *(浙江康德萊醫療器械股份有限公司), another subsidiary of KDL engaged in the production of medical puncture devices, since May 2009 and February 2018, respectively.

Ms. Chen Hongqin (陳紅琴, "Ms. Chen"), aged 55, was a Director from 21 September 2015 to 25 May 2017, and was reappointed as a non-executive Director on 8 December 2018. Ms. Chen is primarily responsible for supervising the management of the Board.

Ms. Chen has over 23 years of experience in equipment manufacturing and management in the medical devices industry. Ms. Chen obtained her bachelor's degree in mining equipment from the Guizhou Institute of Technology (貴州工學院) in Guizhou Province, the PRC in July 1991 and obtained a senior engineer qualification certificate granted by the Shanghai Municipal Human Resources and Social Security Bureau in October 2012.

Ms. Chen has served as the director of Shanghai Kindly Moulding Co., Ltd.* (上海康德萊制管有限公司) since April 2020, the director of KDL Holding since May 2020, the assistant to the Chairman and the vice chairman of KDL since June 2021 and February 2023, respectively, the Chairman of Shanghai Gongye Investment Co., Ltd* (上海共業投資有限公司) since February 2023, executive director and general manager of Shanghai Kindly Enterprise Development Group Medical Investment Co., Ltd.* (上海康德萊企業發展集團醫療投資有限公司) since February 2023 and July 2023, respectively, the chairman of Zhejiang Kindly Medical Devices Co., Ltd.* (浙江康德萊醫療器械股份有限公司) since September 2024.

Ms. Chen worked as an assistant engineer at State-Run No.126 Factory (國營第一二六廠) from October 1992 to March 1997 and as an engineer at China Guihang Group Xin'an Machinery Factory (中國貴航集團新安機械廠) from March 1997 to December 2001. Ms. Chen has held a number of management positions since 2002, including the quality director and management representative of KDL from January 2002 to March 2016, the officer of the general manager office of KDL Holding, one of the Controlling Shareholders, from March to December 2016, the vice general officer and manager of the general manager office of KDL from January 2017 to February 2018, the assistant to the manager of KDL Holding from March 2018 to December 2018, and the assistant to the Chairman of KDL from January 2019 to October 2020, and the assistant to the executive director and the general manager of Shanghai Kindly Enterprise Development Medical Investment Co., Ltd.* (上海康德萊企業發展集團醫療投資有限公司) from September 2020 to June 2022.

Dr. Song Yuan (宋媛, "Dr. Song"), aged 45, was appointed as the secretary to the Board on 28 September 2018, as the vice general manager of the Company on 9 December 2018 and as one of the joint company secretaries on 22 May 2019. Dr. Song was appointed as a non-executive Director on 16 May 2022. Dr. Song is in charge of information disclosure, investor relations, equity investment and convention of Board meetings and shareholder meetings of the Group. She has served as the vice general manager of Shandong INT Medical Instruments Co., Ltd.* (山東瑛泰醫療器械有限公司) since January 2021, the executive director and general manager of Shanghai INT Biotechnology Co., Ltd.* (上海瑛泰生物科技有限公司) since September 2022, the director of Shandong Insant New Materials Co., Ltd.* (山東瑛盛新材料有限公司) since March 2023, the executive director of Shandong INT Medical Technology Co., Ltd.* (山東瑛泰醫療科技有限公司) since October 2024 and the director of Shanghai INT Life Co., Ltd.* (上海瑛泰昇活商貿有限公司) since November 2024. Dr. Song has also been the supervisor of Shanghai INT since September 2021.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Song graduated with a bachelor's degree in polymer material science and engineering from Shandong University in Shandong, the PRC in July 2002, and obtained a Ph.D. in material science and engineering (polymer) in Dalian University of Technology in Liaoning, the PRC in October 2008. She worked as a clerk in KDL Holding from February to July 2010. Dr. Song was the secretary to the board of directors of KDL from August 2010 to September 2018, and had held directorship in the Company from May 2017 to December 2018.

Dr. Song is the wife of Dr. Liang Dongke. Please refer to the paragraph headed "Executive Directors" above for his biographical details.

Mr. Wang Ruiqin (王瑞琴, "Mr. Wang"), aged 53, was appointed as a non-executive Director on 16 May 2022. He has served as the Supply Chain Director of the Company since April 2018. He successively served as the production manager of Shanghai Safe Medical Device Polymer Co., Ltd.* (上海賽爾富醫械塑膠有限公司) from September 1999 to September 2002, the manager of Shanghai Meihua Medical Instruments Co., Ltd.* (上海美華醫療器具股份有限公司) from September 2002 to April 2003, the general manager of Shanghai Wonderful Medical Instruments Automation Research Institute Co., Ltd.* (上海萬德福醫療器械自動化研究所有限公司) (predecessor of Shanghai INT Medical Instruments Automation Co., Ltd.* (上海瑛泰醫療器械自動化有限公司)) from April 2003 to August 2010, the vice general manager of Shanghai INT Medical Instruments Automation Co., Ltd.* (上海瑛泰醫療器械自動化有限公司) (formerly known as Shanghai Kindly Medical Instruments Automation Research Institute Co., Ltd.* (上海康德萊醫療器械自動化研究所有限公司)) from August 2010 to April 2018, and the vice general manager of the Company from August 2010 to April 2018. He obtained his bachelor's degree in business administration from Jinggangshan University* (井岡山大學) in the PRC in January 2009.

Independent Non-executive Directors

Mr. Jian Xigao (蹇錫高, "Mr. Jian"), aged 79, was appointed as an independent non-executive Director on 8 December 2018. Mr. Jian is primarily responsible for supervising and providing independent advice to the Board.

Mr. Jian obtained his bachelor's degree in polymer chemical engineering and master's degree in polymer materials science from Dalian University of Technology (formerly known as Dalian Institute of Technology) in Liaoning, the PRC in 1969 and 1981, respectively.

Mr. Jian is currently a professor at the Dalian University of Technology, the head of its Polymer Materials Research Institute (高分子材料研究所所長) and director of the Liaoning High Performance Resin Engineering Technology Research Center (遼寧省高性能樹脂工程技術研究中心主任). In September 2016, he was appointed as an independent director of Red Avenue New Materials Group Co., Ltd.* (彤程新材料集團股份有限公司), a chemical manufacturer listed on the Shanghai Stock Exchange (stock code: 603650).

Mr. Jian has received a number of state level awards, including a Second Class State Technological Invention Award granted by the State Council of the PRC in January 2004, a Second Class State Technological Invention Award granted by the State Council of the PRC in December 2011, a Patent Gold (專利金獎) Award for Chinese Outstanding Patented Invention granted by World Intellectual Property Organization and State Intellectual Property Office of the PRC in November 2015 and an extraordinary gold medal (特別金獎) at the Geneva International Exhibition of Inventions in April 2016. Mr. Jian has been admitted as an academician of the Chinese Academy of Engineering (中國工程院院士) in January 2013.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Hui Hung Kwan (許鴻群, "Mr. Hui"), aged 53, was appointed as an independent non-executive Director on 8 December 2018. Mr. Hui is primarily responsible for supervising and providing independent advice to the Board.

Mr. Hui has more than 29 years of experience in accounting. After graduating with a bachelor's degree in business administration from the Chinese University of Hong Kong in Hong Kong in December 1994, he has held various positions, including audit manager at Li, Tang, Chen & Co. from June 1994 to June 2004. From June 2004 to October 2010, Mr. Hui served as the chief financial officer of C&G Environmental Protection Holdings Limited, a company listed on the main board of the Singapore Exchange Limited (stock code: D79). He was the chief financial officer of Premiere Eastern Energy Pte. Limited (東潤能源有限公司) from November 2010 to December 2012, the independent non-executive director of Titan Invo Technology Limited (formerly known as Tus International Limited and/or Jinheng Automotive Safety Technology Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 872) from July 2009 to June 2015, the chief financial officer of China Creative Global Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1678) from June 2013 to May 2020, the independent non-executive director of Gansu Qingheyuan Halal Food Co., Ltd. (甘肅清河源清真食品股份有限公司) from September 2018 to June 2021, the company secretary of Shengli Mining Co. Ltd. (勝利礦業股份有限公司) from May 2020 to January 2021, the chief financial officer of Maiyue Technology Limited (邁越科技股份有限公司) from March 2021 to April 2021, the company secretary of Idea Knack Cultural Communication Holding Limited (金鎧文化傳播控股有限公司) from May 2021 to January 2022, the company secretary of King International Investment Limited (帝王國際投資有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 0928) from August 2023 to March 2024, and the company secretary of Wuxi Life International Holdings Group Limited (悟喜生活國際控股集團有限公司), a company listed on the GEM of the Stock Exchange (stock code: 8148) from May 2021 to August 2024. Mr. Hui also served as the independent non-executive director of Life Concepts Holdings Limited (生活概念控股有限公司), a company listed on the GEM of the Stock Exchange (stock code: 8056) since August 2023 and the company secretary of Baoji Health Holdings Limited* (保集健康控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1246) from December 2024. Mr. Hui has been an associate of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) and a fellow of the Association of Chartered Certified Accountants since September 1997 and October 2002, respectively.

Mr. Xu Congli (徐從禮, "Mr. Xu"), aged 54, was appointed as an independent non-executive Director on 16 May 2022. Mr. Xu has served as a partner of Zhongshen Zhonghuan Certified Public Accountants LLP* (中審眾環會計師事務所(特殊普通合夥)) since September 2024. He successively served as a clerk in the Audit Department of Yantai Port Authority* (煙臺港務局) from July 1994 to April 2000, a department manager of Shandong Fangzheng Accounting Firm Co., Ltd.* (山東方正會計師事務所有限公司) from May 2000 to May 2005, a senior manager of Shanghai Branch of Yuehua Accounting Firm Co., Ltd.* (嶽華會計師事務所有限公司上海分公司) from June 2005 to January 2006, a senior manager of BDO China Shu Lun Pan Certified Public Accountants LLP* (立信會計師事務所(特殊普通合夥) from February 2006 to June 2015, a partner of Ruihua Certified Public Accountants LLP* (瑞華會計師事務所(特殊普通合夥)) from July 2015 to April 2020, and a partner of Da Hua Certified Public Accountants LLP* (大華會計師事務所(特殊普通合夥)) from May 2020 to August 2024. He obtained his bachelor's degree in finance from Changsha University of Science & Technology (長沙理工大學) in the PRC in June 1994. He became Certified Public Accountant of China in December 2002.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Ms. Ma Huifang (馬慧芳, "Ms. Ma"), aged 56, was appointed as a Supervisor on 16 May 2022. Ms. Ma has served as the financial director of Shanghai INT Medical Instruments Automation Co., Ltd.* (上海英泰醫療器械自動化有限公司) since 2004, and the financial director of Shandong Insant New Materials Co., Ltd.* (山東瑛盛新材料有限公司) since March 2023. She successively served as an accountant of Jiangqiao Roast Duck Restaurant* (江橋烤鴨館) from July 1988 to October 1992, an accountant of Shanghai Qunwei Children's Car Factory* (上海群偉童車廠) from November 1992 to September 1997, an accountant of Shanghai Haoda Plastics Products Co., Ltd.* (上海浩達塑膠製品有限公司) from October 1997 to June 2000, and an accountant of Shanghai Yanji Chemical Co., Ltd.* (上海焱基化工有限公司) from July 2000 to September 2004. Ms. Ma obtained an associate degree (專科) in accounting from Shanghai Lixin Accounting School (上海市立信會計學校) (currently known as Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院)) in the PRC in June 1988.

Ms. Chen Jie (陳潔, "Ms. Chen"), aged 43, was elected by the Shareholders and appointed as a Supervisor on 3 March 2017. Ms. Chen obtained an associate degree (專科) in accounting from Shanghai Lixin University of Accounting and Finance (formerly known as Shanghai Lixin Institute of Commerce) in Shanghai, the PRC in July 2004 and a bachelor's degree from Tongji University in Shanghai, the PRC in January 2011. She served as an accountant in Shanghai Sieton (Group) Co., Ltd. (上海協通(集團)有限公司) from July 2004 to August 2005 and in Shanghai Sieton Toyota Motor Sales Service Co., Ltd. (上海協通豐田汽車銷售服務有限公司) from June 2005 to March 2007. Ms. Chen joined the Company as the manager of the administrative department in December 2008. Ms. Chen received a preliminary-level accounting qualification accredited by the Ministry of Finance of the PRC in May 2006. Moreover, Ms. Chen has been the supervisor of Shanghai Qimu Medical Instruments Co., Ltd.* (上海七木醫療器械有限公司), Shanghai Puhui Medical Instruments Co., Ltd.* (上海璞慧醫療器械有限公司), Shanghai Healing Medical Instruments Co., Ltd.* (上海翰淩醫療器械有限公司), Shandong Int Medical Instruments Co., Ltd.* (山東瑛泰醫療器械有限公司), Shanghai Puyue Medical Instruments Co., Ltd.* (上海璞躍醫療器械有限公司), Shanghai INT Biotechnology Co., Ltd.* (瑛泰生物醫療科技有限公司), Shandong Insant New Materials Co., Ltd.* (山東瑛盛新材料有限公司), Zhuhai Puyue Medical Instruments Co., Ltd.* (珠海璞躍醫療器械有限公司) and Shandong INT Medical Technology Co., Ltd.* (山東瑛泰醫療科技有限公司) since August 2018, November 2018, February 2019, January 2021, March 2021,September 2022, March 2023, September 2023, and October 2024 respectively, and has been the director of Shanghai Pukon Medical Instruments Co., Ltd.* (上海璞康醫療器械有限公司) since February 2020.

Mr. Shen Xiaoru (沈曉如, "Mr. Shen"), aged 41, was appointed as a Supervisor on 16 May 2022. Mr. Shen has served as the supervisor of Guangdong Kindly Medical Devices Group Co., Ltd.* (廣東康德萊醫療器械集團有限公司) since August 2011, the chief financial officer of KDL since January 2019, the supervisor of Zhejiang Kindly Medical Devices Co., Ltd.* (浙江康德萊醫療器械股份有限公司) since June 2019, the chief financial officer of Guangxi Ouwen Medical Technology Group Co., Ltd* (廣西甌文醫療科技集團有限公司) since June 2023, and the finance chief of Shanghai Kindly Enterprise Development Group Medical Investment Co., Ltd.* (上海康德萊企業發展集團醫療投資有限公司) since July 2023. He successively served as the financial director of Shanghai Kaiaifu Medical Polymer Equipment Co., Ltd.* (上海開愛富醫用高分子器材有限公司) from March 2005 to August 2006, the vice general manager of finance of KDL from September 2006 to December 2010, the manager of the finance department of Shanghai Kindly International Trading Co., Ltd.* (上海康德萊國際商貿有限公司) from January 2011 to December 2017, a supervisor of Shanghai Kindly Enterprise Development Group Medical Investment Co., Ltd.* (上海康德萊企業發展集團醫療投資有限公司) from June 2021 to July 2023. Mr. Shen obtained his bachelor's degree in accounting from East China Normal University (華東師範大學) in the PRC in January 2010. Mr. Shen obtained the qualification of senior accountant in November 2021.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Dr. Liang Dongke (梁棟科) is the general manager of the Company. Please refer to the paragraph headed "Directors — Executive Directors" above for his biographical details.

Mr. Lin Sen (林森) is the deputy general manager of the Company. Please refer to the paragraph headed "Directors — Executive Directors" above for his biographical details.

Dr. Song Yuan (宋媛) is the secretary to the Board and the deputy general manager and joint company secretary of the Company. Please refer to the paragraph headed "Directors — Non-executive Directors" above for her biographical details.

Ms. Zhao Yan (趙燕, "Ms. Zhao"), aged 49, is the chief financial officer of the Company since May, 2023 and is in charge of the management of financial affairs of the Group. In addition, Ms. Zhao has served as the supervisor of Zhuhai Derui since February 26, 2016. Ms. Zhao obtained an associate degree (大專) in accounting from Xi'an Jiaotong University (西安交通大學) in Xi'an, the PRC in December 2000 and a bachelor's degree in finance from Shanghai Jiaotong University (上海交通大學) in August 2005. She received the senior accountant title certified by the Shanghai Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in December 2023.

Ms. Zhao has over 20 years of experience in accounting and finance. Ms. Zhao joined KDL in May 2000 and served as the accounting manager from May 2000 to November 2007. She joined the Company in April 2007, and served as the finance controller of the Company from April 2007 to February 2020, and was the head of general manger office of the Company from February 2020 to April 2023. She had held directorship in the Company from May 2017 to December 2018.

JOINT COMPANY SECRETARIES

Dr. Song Yuan (宋媛) was appointed as one of the joint company secretaries of the Company on 22 May 2019. Please refer to the paragraph headed "Non-executive Directors" above for her biographical details.

Ms. Leung Shui Bing (梁瑞冰, "Ms. Leung"), was appointed as one of the joint company secretaries of the Company on 22 May 2019. Ms. Leung is a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider).

She has over 20 years of experience in the company secretarial field. Ms. Leung obtained a bachelor's degree in Business and Management Studies (Accounting and Finance) from the University of Bradford in the United Kingdom in July 2008, and a master's degree in Corporate Governance from The Open University of Hong Kong (currently known as Hong Kong Metropolitan University) in August 2017.

She is a Chartered Secretary, Chartered Governance Professional and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report to the shareholders of
Shanghai INT Medical Instruments Co., Ltd.
(Incorporated in the People's Republic of China)

OPINION

We have audited the consolidated financial statements of Shanghai INT Medical Instruments Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 136 to 217, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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.

Revenue recognition

Refer to note 4 to the consolidated financial statements and the accounting policies on pages 157 to 158.

The Key Audit Matter	How the matter was addressed in our audit
The Group's revenue primarily derived from the sale of interventional medical devices to domestic customers and for export. The Group recognises revenue at the point in time when control of the goods is transferred to the customer. Depending on the terms of the contracts, this point in time will either be when the goods are delivered to the customer's premises or a location designated by the customer and accepted by customers for domestic sales, or in accordance with the terms and conditions of sales for export sales. We identified the recognition of revenue as a key audit matter because revenue is a key performance indicator of the Group and its significance to the consolidated financial statements which increase the risk of misstatement of revenue recognition.	Our audit procedures to assess the recognition of revenue included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls in relation to revenue recognition; • inspecting sales contracts with key customers to identify terms and conditions relating to goods acceptance and assessing the Group's policies in respect of the recognition of revenue with reference to the requirements of the prevailing accounting standards; • comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with underlying documentation, including goods acceptance notes, shipping documents and customs declarations, as well as relevant sales contracts, to assess whether the related revenue had been recognised in the appropriate financial period on the basis of the terms of sale as set out in the respective sales contracts; • on a sample basis, obtaining confirmations from customers of the Group, on sales transactions during the year and, for unreturned confirmations, performing alternative procedures by comparing details of the transactions with relevant underlying documentation; and • inspecting manual journal entries relating to revenue recognition during the year which were considered to meet specific risk-based criteria, enquiring of management the reasons for such adjustments and comparing the details of the adjustments with relevant underlying documentation.

INDEPENDENT AUDITOR'S REPORT

Potential impairment of capitalised development costs

Refer to note 13 to the consolidated financial statements and the accounting policies on pages 151 to 152.

The Key Audit Matter	How the matter was addressed in our audit
The carrying value of the Group's capitalised development costs as included in intangible assets was RMB136,190,000 as at 31 December 2024. Management performs impairment assessment of the intangible assets that are not yet available for use at least annually, or when there is an indication of impairment, by comparing the carrying value of those assets against their respective recoverable amount, which is the higher of fair value less costs of disposal and value in use based on discounted cashflow forecast to determine the amount of impairment which should be recognised, if any. The preparation of discounted cash flow forecasts involves the exercise of management judgment, particularly in determining future revenue growth, discount rates and royalty rates. We identified the potential impairment of capitalised development costs as a key audit matter because such assessment involves a significant degree of management judgement, which can be inherently uncertain and subject to management bias.	Our audit procedures to assess potential impairment of capitalised development costs included the following: • evaluating management's identification of the impairment indicators related to the capitalised development costs with reference to the requirements of the prevailing accounting standards; • engaging KPMG valuation specialists in assessing the appropriateness of the impairment assessment model with reference to the requirements of the prevailing accounting standards, and the reasonableness of the discount rates applied by benchmarking against those of comparable companies and external market data and royalty rates by benchmarking against those of comparable transactions; • evaluating the reasonableness of future revenue growth by comparing with budget approved by management and/or with available industry statistics; and • performing sensitivity analysis of key assumptions and considering the resulting impact of changes in the key assumptions to the conclusions reached in the impairment assessments and whether there were any indications of management bias.

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and 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 Tse, Wong Pui.

Certified Public Accountants

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

18 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	2024 RMB'000	2023 RMB'000
Revenue	*4*	**851,954**	752,836
Cost of sales		**(314,292)**	(314,766)
Gross profit		**537,662**	438,070
Other income	*5*	**27,287**	33,331
Distribution costs		**(79,389)**	(67,396)
Administrative expenses		**(120,842)**	(99,426)
Research and development expenses		**(149,134)**	(125,850)
Reversal/(recognition) of impairment losses on trade and other receivables		**625**	(407)
Profit from operations		**216,209**	178,322
Finance costs	*6(a)*	**(2,430)**	(3,194)
Share of loss of an associate		**(395)**	–
Profit before taxation	*6*	**213,384**	175,128
Income tax	*7*	**(23,335)**	(21,900)
Profit for the year		**190,049**	153,228
Attributable to:			
Equity shareholders of the Company		**191,914**	156,457
Non-controlling interests		**(1,865)**	(3,229)
Profit for the year		**190,049**	153,228
Earnings per share *(RMB)*	*10*		
Basic *(RMB)*		**1.10**	0.92
Diluted *(RMB)*		**1.10**	0.92

The notes on pages 142 to 217 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 27(e).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	2024 **RMB'000**	2023 RMB'000
Profit for the year	**190,049**	153,228
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of an overseas subsidiary	**783**	465
Other comprehensive income for the year	**783**	465
Total comprehensive income for the year	**190,832**	153,693
Attributable to:		
Equity shareholders of the Company	**192,697**	156,922
Non-controlling interests	**(1,865)**	(3,229)
Total comprehensive income for the year	**190,832**	153,693

The notes on pages 142 to 217 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2024
(Expressed in Renminbi Yuan)

	Note	**31 December 2024 RMB'000**	31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment	11	**811,263**	789,083
Right-of-use assets	12(a)	**105,396**	109,201
Intangible assets	13	**168,739**	130,374
Interests in associates		**585**	–
Certificate of deposits	21(b)	**40,106**	31,447
Other non-current assets	17	**52,674**	52,560
Deferred tax assets	25(b)	**30,370**	17,649
Financial assets measured at fair value through profit or loss ("FVPL")	20	**158,615**	175,023
		1,367,748	1,305,337
Current assets			
Inventories	18	**162,339**	128,770
Trade and other receivables	19	**118,881**	125,193
Other current assets		**56,399**	35,648
Financial assets measured at FVPL	20	**30,000**	–
Cash and cash equivalents	21(a)	**521,954**	423,668
Certificate of deposits and restricted bank deposits	21(b)	**2,560**	11,010
		892,133	724,289
Current liabilities			
Trade and other payables	22	**163,740**	176,173
Contract liabilities	23	**18,751**	37,074
Loans and borrowings	24	**227,261**	79,123
Lease liabilities	12(b)	**900**	–
Derivative financial instruments		**–**	491
Deferred income	26	**2,290**	1,550
Current taxation	25(a)	**21,514**	22,418
		434,456	316,829
Net current assets		**457,677**	407,460
Total assets less current liabilities		**1,825,425**	1,712,797

The notes on pages 142 to 217 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2024
(Expressed in Renminbi Yuan)

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current liabilities			
Lease liabilities	12(b)	**15,524**	15,656
Deferred income	26	**23,409**	16,993
Deferred tax liabilities	25(b)	**–**	1,770
		38,933	34,419
Net assets		**1,786,492**	1,678,378
Capital and reserves			
Share capital	27(b)	**176,000**	171,000
Reserves		**1,598,227**	1,478,241
Total equity attributable to equity shareholders of the Company		**1,774,227**	1,649,241
Non-controlling interests		**12,265**	29,137
Total equity		**1,786,492**	1,678,378

Approved and authorised for issue by the board of directors on 18 March 2025.

LIANG DONG KE
Director

LIN SEN
Director

(Company Stamp)

The notes on pages 142 to 217 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

		Attributable to equity shareholders of the Company								
	Note	Share capital *RMB'000*	Treasury shares *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Exchange reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2023		168,000	–	951,925	62,327	726	329,037	1,512,015	42,089	1,554,104
Changes in equity for 2023										
Profit/(loss) for the year		–	–	–	–	–	156,457	156,457	(3,229)	153,228
Other comprehensive income		–	–	–	–	465	–	465	–	465
Equity-settled share-based payment	*16*	–	–	5,883	–	–	–	5,883	627	6,510
Subscription of restricted shares	*27(b)*	3,000	–	33,000	–	–	–	36,000	–	36,000
Repurchase of shares for share award scheme	*27(c)*	–	(21,259)	–	–	–	–	(21,259)	–	(21,259)
Capital injection from non-controlling interests		–	–	–	–	–	–	–	3,000	3,000
Dividends to holders of non-controlling interests		–	–	–	–	–	–	–	(13,350)	(13,350)
Dividends approved in respect of previous year	*27(e)*	–	–	–	–	–	(40,320)	(40,320)	–	(40,320)
Appropriation for surplus reserve	*27(d)*	–	–	–	19,266	–	(19,266)	–	–	–
Balance at 31 December 2023 and 1 January 2024		**171,000**	**(21,259)**	**990,808**	**81,593**	**1,191**	**425,908**	**1,649,241**	**29,137**	**1,678,378**
Changes in equity for 2024										
Profit/(loss) for the year		**–**	**–**	**–**	**–**	**–**	**191,914**	**191,914**	**(1,865)**	**190,049**
Other comprehensive income		**–**	**–**	**–**	**–**	**783**	**–**	**783**	**–**	**783**
Equity-settled share-based payment	*16*	**–**	**–**	**6,281**	**–**	**–**	**–**	**6,281**	**508**	**6,789**
Subscription of restricted shares	*27(b)*	**5,000**	**–**	**55,000**	**–**	**–**	**–**	**60,000**	**–**	**60,000**
Repurchase of shares for share award scheme	*27(c)*	**–**	**(18,919)**	**–**	**–**	**–**	**–**	**(18,919)**	**–**	**(18,919)**
Acquisition of interests in subsidiaries	*15*	**–**	**–**	**(67,958)**	**–**	**–**	**–**	**(67,958)**	**(11,015)**	**(78,973)**
Dividends to holders of non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,500)**	**(4,500)**
Dividends approved in respect of previous year	*27(e)*	**–**	**–**	**–**	**–**	**–**	**(47,520)**	**(47,520)**	**–**	**(47,520)**
Dividends received by treasury share holders	*27(e)*	**–**	**–**	**–**	**–**	**–**	**405**	**405**	**–**	**405**
Appropriation for surplus reserve	*27(d)*	**–**	**–**	**–**	**6,617**	**–**	**(6,617)**	**–**	**–**	**–**
Balance at 31 December 2024		**176,000**	**(40,178)**	**984,131**	**88,210**	**1,974**	**564,090**	**1,774,227**	**12,265**	**1,786,492**

The notes on pages 142 to 217 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Cash generated from operations	21(c)	**264,274**	197,740
Tax paid	25(a)	**(38,730)**	(19,594)
Net cash generated from operating activities		**225,544**	178,146
Investing activities			
Payment for purchase of property, plant and equipment		**(125,740)**	(168,839)
Proceeds from sale of property, plant and equipment		**3,716**	779
Payment for purchase of intangible assets		**(40,002)**	(62,356)
Interest received from bank deposits		**9,134**	10,886
Net increase of deposits		**(235)**	(30,282)
Payment for purchase of financial assets measured at FVPL		**(30,000)**	–
Proceeds from sale of financial assets measured at FVPL		**15,389**	–
Payment for interest in an associate		**(980)**	–
Refund of the investment deposit		**–**	1,000
Payment for the investment in unlisted funds	20	**(7,500)**	(10,000)
Payment for the investment deposit	17	**(11,092)**	(25,000)
Net cash used in investing activities		**(187,310)**	(283,812)
Financing activities			
Issuance of restricted shares	27(b)	**60,000**	36,000
Proceeds from loans and borrowings	21(d)	**228,020**	88,340
Repayments of loans and borrowings	21(d)	**(80,000)**	(42,000)
Capital injection received from non-controlling interests		**–**	3,000
Interest of loans and borrowings paid	21(d)	**(1,544)**	(2,353)
Dividends paid to equity shareholders of the Company	27(e)	**(47,115)**	(40,320)
Dividends paid to holders of non-controlling interests		**(4,500)**	(13,350)
Payment for the acquisition of interests in subsidiaries	15	**(78,973)**	–
Payment for repurchase of the Company's own shares for share award scheme	27(c)	**(18,919)**	(21,259)
Net cash generated from financing activities		**56,969**	8,058
Net increase/(decrease) in cash and cash equivalents		**95,203**	(97,608)
Cash and cash equivalents at the beginning of the year	21(a)	**423,668**	518,266
Effects of foreign exchange rate changes		**3,083**	3,010
Cash and cash equivalents at the end of the year	21(a)	**521,954**	423,668

The notes on pages 142 to 217 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

1 GENERAL INFORMATION

Shanghai INT Medical Instruments Co., Ltd. was established in Shanghai, People's Republic of China (the "PRC") on 7 June 2006 as a limited liability company. The registered office and principal place of business of the Company is Block 2, No.925 Jin Yuan Yi Road, Jiading District, Shanghai PRC.

The Company and its subsidiaries (together, "the Group") are principally engaged in the research and development, manufacturing and sales of interventional and implantable medical devices in the PRC.

The H shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 November 2019. The stock code of the Company on the Stock Exchange is "01501".

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Material accounting policies adopted by the Group are disclosed below.

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries and the Group's interests in associates.

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

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

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

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

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

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

(c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

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

- Amendments to HKFRS 16, *Leases — Lease liability in a sale and leaseback*

- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

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

(d) Subsidiaries and non-controlling interests

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

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

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests *(Continued)*

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

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

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

In the Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)(ii)).

(e) Associate

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

An interest in an associate is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of the investee, until the date on which significant influence ceases.

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

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

In the Company's statement of financial position, an investment in an associate is stated at cost less impairment losses (see note 2(k)).

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(f) Other investments in securities

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

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 28(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

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

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

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

— FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest and dividend) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see note 2(u)(ii)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(g) Derivative financial instruments

The Group holds derivative financial instruments to manage its risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(k)(ii)). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as expenses in profit or loss in the period in which it is incurred.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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

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

Buildings held for own use	11–30 years
Machinery	3–10 years
Motor vehicles	4–10 years
Furniture, fixture and equipment	3–10 years
Leasehold improvements	2–10 years

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

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(i) Intangible assets

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

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(k)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

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

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

Software	3–10 years
Patents and licenses	4.3–16.6 years
Capitalised development costs	5 years

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

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

(j) Leased assets

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Leased assets *(Continued)*

(i) As a lessee

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Leased assets *(Continued)*

(i) As a lessee (Continued)

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

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

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(u)(ii)(a).

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for ECLs on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables that are held for the collection of contractual cash flows which represent solely payments of principal and interest).

Measurement of ECLs

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

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

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

— variable-rate financial assets: current effective interest rate;

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

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

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs *(Continued)*

ECLs are measured on either of the following bases:

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

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

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

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

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

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

Significant increases in credit risk

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is aged over 90 days.

The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is aged over 270 days.

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

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

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

(i) Credit losses from financial instruments *(Continued)*

Credit-impaired financial assets

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

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

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

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

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

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

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

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

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

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

(l) Inventories and other contract costs

(i) Inventories

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

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2(l)(i)), property, plant and equipment (see note 2(h)) or intangible assets (see note 2(i)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(l) Inventories and other contract costs *(Continued)*

(ii) Other contract costs (Continued)

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see note 2(u)).

(m) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(u)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see note 2(k)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see note 2(n)).

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(u)).

(n) Trade and other receivables

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 2(k)(i)).

(o) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(p) Trade and other payables (other than refund liabilities)

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

(q) Interest-bearing borrowings

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

(r) Employee benefits

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

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

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

Loans given to employees at lower-than-market interest rates are generally short-term employee benefits. Loans granted to employees are financial instruments in the scope of HKFRS 9 *Financial instruments*. Therefore, low-interest loans to employees are measured at fair value initially, any difference between the fair value of the loan and the amount advanced is an employee benefit.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured at grant date using the applicable valuation technique/models, taking into account the terms and conditions upon which the equity-settled share-based payment awards were granted. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

Where the equity-settled share-based payment awards granted vest immediately, the employees are not required to complete a specified period of service before becoming unconditionally entitled to those equity instruments. The Group presume that services rendered by the employees as consideration for the equity instruments have been received. In this case, on grant date the Group shall recognise the services received in full, with a corresponding increase in equity.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(r) Employee benefits *(Continued)*

(ii) Share-based payments (Continued)

Where the Group modify its original granted equity-settled share-based payment awards during the vesting period, the effects of modifications that increase the total fair value of equity-settled share-based payment awards or are otherwise beneficial to the employees are required to recognise over the remaining vesting period. A package of modifications might include several changes to the terms of a grant, some of which are favourable to the employees and some not, it is appropriate to net the effects of both modifications. If the net effect is beneficial, then this net effect should be accounted for by applying the requirements for beneficial modifications to the net change. If the modification increases the fair value of the equity instruments granted, the Group is required to measure immediately before and after the modification and include the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted.

If a modification increases the number of equity instruments granted, then the Group recognises the fair value of the additional equity instruments measured at the date of modification. The additional share-based payment cost is attributed over the period from the date of modification to the end of the vesting period of the additional equity instruments.

If the modification changes a service condition or non-market performance condition in a manner that is beneficial to an employee, then the remaining grant-date fair value is recognised using the revised vesting expectations with true-up to actual outcomes.

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

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

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(s) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(t) Provisions and contingent liabilities

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

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

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

(i) Revenue from contracts with customers

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

Sale of medical devices, accessories and moulds

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(u) Revenue and other income *(Continued)*

(i) Revenue from contracts with customers (Continued)

Sale of medical devices, accessories and moulds *(Continued)*

The Group offers retrospective volume rebates to certain major customers when certain criteria has been reached and offers rights of return upon customer acceptance occasionally. Such rights of return and volume rebates give rise to variable consideration. The Group uses an expected value approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of medical devices, accessories and moulds, the Group recognises revenue after taking into account adjustment to transaction price arising from returns and rebates as mentioned above. A refund liability is recognised for the expected rebates, and is included in other payables (see note 22). A right to recover returned goods and corresponding adjustment to cost of sales are also recognised for the right to recover products from customers. This right to recover returned goods is measured at the former carrying amount of the inventory less any expected costs to recover goods (including potential decreases in the value of the returned goods).

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(u) Revenue and other income *(Continued)*

(ii) Revenue from other sources and other income *(Continued)*

(c) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of being recognised in other income.

(d) Dividends

— Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

— Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Translation of foreign currencies

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

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

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(v) Translation of foreign currencies *(Continued)*

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(w) Borrowing costs

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

(x) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(x) Related parties *(Continued)*

(b) *(Continued)*

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

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

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

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

(y) Segment reporting

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

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

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Capitalisation of research and development expenses

Development expenses incurred on the Group's pipelines are capitalised and deferred only when the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. Development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalisation.

(b) Sources of estimation uncertainty

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

Notes 16 and 28 contain information about the assumptions and risk factors relating to fair value of equity-settled share-based payment awards and financial instruments. Other judgements made by management in the application of HKFRSs that have significant effects on the financial statement and major sources of estimation uncertainty are discussed as follows:

(i) Impairment of capitalised development costs

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

(ii) Revenue recognition

As explained in policy note 2(u), revenue from sales of medical devices is after the deduction of sales discounts. Such revenue recognition is dependent on estimating the sales rebates granted to customers which are primarily volume based or related to volume-based purchases. Based on the Group's experience, the Group has made estimates to the extent which it considered that it is highly probable that the customer will satisfy the rebate entitlement criteria within the rebate period. These estimates are based on the historical information as well as prevailing market conditions. Management reassessed the estimation based on related available information at the reporting period end. Changes in facts and circumstances may result in revisions to the conclusion, which would affect profit or loss.

4 REVENUE AND SEGMENT REPORTING

The Group derives revenue principally from the sales of interventional medical devices. Sales returns are only allowed under certain specific circumstances, which is determined and approved by management and within certain period of time agreed by buyer and seller.

(a) Disaggregation of revenue

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

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
— Sales of interventional medical devices		
Cardiovascular devices	**662,220**	608,231
Neurological and peripheral devices	**108,018**	59,721
Orthopaedics and other devices	**3,095**	3,145
Subtotal	**773,333**	671,097
— Sales of medical accessories	**32,357**	26,673
— Agent business	**39,473**	44,163
— Moulds and others	**3,943**	8,385
	849,106	750,318
Revenue from other source		
Rental income	**2,848**	2,518
	851,954	752,836

The Group's customer base is diversified. There is no individual customer with whom transactions have exceeded 10% of the Group's revenue for the years ended 31 December 2024 and 31 December 2023.

The Group recognised its revenue from contract with customers at point in time in accordance with the accounting policies as set forth in note 2(u)(i). The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for medical devices, accessories and moulds, as the Group will be entitled to those revenue when it satisfies the remaining performance obligations under the contracts sales that had an original expected duration of one year or less.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(a) Disaggregation of revenue *(Continued)*

(ii) Disaggregation of revenue by geographical location of external customers is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Chinese Mainland	**599,415**	549,503
Europe	**50,682**	45,318
The United States	**55,191**	46,640
Other countries and regions	**146,666**	111,375
	851,954	752,836

The geographical location of customers is based on the location at which the customers operate. All of the non-current assets of the Group are physically located in Chinese Mainland.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified one reportable segment, the cardiovascular interventional business, which is primary engaged in sales, manufacture, research and development of cardiovascular interventional medical devices as well as related accessories, moulds. Other segments, which are currently engaged in research and development of other interventional and implantable medical devices, such as neurological interventional medical devices and endocardia implantable medical devices, etc, are combined in all other segments.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to segment on "segment net profit".

In addition to receiving segment information concerning segment net profit, management is provided with segment information concerning revenue from external customers used by the segments in their operations.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) Segment results, assets and liabilities (Continued)

Information regarding the Group's segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below:

	2024		
	Cardiovascular interventional business *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers	736,802	115,152	851,954
Inter-segment revenue	35,127	48,422	83,549
Segment revenue	771,929	163,574	935,503
Segment net profit	189,147	7,398	196,545

	2023		
	Cardiovascular interventional business *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers	625,952	126,884	752,836
Inter-segment revenue	15,372	33,354	48,726
Segment revenue	641,324	160,238	801,562
Segment net profit	123,098	36,201	159,299

(ii) Reconciliation of revenue and segment profit

	2024 *RMB'000*	2023 *RMB'000*
Revenue		
Segment revenue	935,503	801,562
Elimination of inter-segment revenue	(83,549)	(48,726)
Consolidated revenue	851,954	752,836
Profit		
Segment net profit	196,545	159,299
Elimination of inter-segment net profit	(6,496)	(6,071)
Consolidated net profit	190,049	153,228

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

5 OTHER INCOME

	2024 RMB'000	2023 RMB'000
Government grants *(note)*	**26,599**	16,064
Interest income	**9,108**	11,831
Net realised and unrealised (losses)/gains from fair value changes on financial instruments	**(8,028)**	2,078
Foreign exchange gains	**3,109**	2,422
Impairment losses on intangible assets	**(620)**	–
Others	**(2,881)**	936
	27,287	33,331

Note: Government grants mainly include subsidies received from government for encouragement of research and development projects and compensation on the capital expenditure of medical device production lines. As at the end of the reporting period, there was no unfulfilled condition or other contingency attaching to the government grants that had been recognised by the Group.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2024 RMB'000	2023 RMB'000
(a) Finance costs		
Interest on lease liabilities	**768**	741
Interest on loans and borrowings	**1,662**	2,453
	2,430	3,194
(b) Staff costs		
Salaries, wages and other benefits	**233,641**	200,555
Equity-settled share-based payment expenses *(note 16)*	**6,789**	6,490
Contributions to defined contribution retirement plan	**29,435**	24,889
	269,865	231,934

(i) Pursuant to the relevant labour rules and regulations in the PRC, the Company and its subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "Schemes") organised by the local government authorities whereby the Company and its subsidiaries in the PRC are required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. The Group has no other obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

(ii) Staff costs includes remuneration of directors and senior management (notes 8 and 30(a)).

6 PROFIT BEFORE TAXATION *(Continued)*

	2024 RMB'000	2023 RMB'000
(c) Other items		
Depreciation and amortisation		
— property, plant and equipment *(note 11)*	**71,870**	41,440
— right-of-use assets *(note 12(a))*	**3,805**	3,837
— intangible assets *(note 13)*	**4,189**	2,277
	79,864	47,554
(Reversal)/recognition of impairment losses on		
— trade and other receivables	**(625)**	407
— other current assets	**–**	1,473
Auditors' remuneration		
— audit services	**3,000**	3,000
— other services	**1,055**	1,600
Research and development costs#	**189,931**	179,313
Less: Costs capitalised into intangible assets *(note 13)*	**(40,797)**	(53,463)
	149,134	125,850
Cost of inventories##	**314,292**	314,766

During the year ended 31 December 2024, research and development costs includes staff costs and depreciation and amortisation of RMB117,870,000 (2023: RMB99,906,000), which amount is also included in the respective total amounts disclosed separately above.

During the year ended 31 December 2024, cost of inventories includes staff costs and depreciation and amortisation expenses of RMB105,402,000 (2023: RMB87,764,000), which amount is also included in the respective total amounts disclosed separately above.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2024 **RMB'000**	2023 RMB'000
Current tax-PRC corporate income tax ("CIT")	**37,826**	29,415
Deferred tax	**(14,491)**	(7,515)
Total	**23,335**	21,900

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates:

	2024 **RMB'000**	2023 RMB'000
Profit before taxation	**213,384**	175,128
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned *(note (i))*	**53,346**	43,782
Effect of preferential tax rates *(notes (ii) & (iii))*	**(23,251)**	(17,185)
Effect of super deduction on research and development expenses *(note (iv))*	**(20,033)**	(14,138)
Effect of unused tax losses not recognised as deferred tax assets	**11,614**	5,844
Effect of tax rate changed in recognition of deferred tax	**700**	3,079
Others	**959**	518
Actual tax expenses	**23,335**	21,900

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

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates: *(Continued)*

Notes:

PRC CIT

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

(ii) High and New Technology Enterprise ("HNTE")

According to the PRC income tax law and its relevant regulations, entities that qualified as HNTE are entitled to a preferential income tax rate of 15%. The Company obtained its renewed certificate of HNTE on 15 November 2022 and is subject to income tax at 15% for the three years ended 31 December 2024.

Zhuhai Derui Medical Instruments Co., Ltd. ("Zhuhai Derui") obtained its renewed certificate of HNTE on 22 December 2022 and is subject to income tax at 15% for the three years ended 31 December 2024.

Shanghai Pukon Medical Instruments Co., Ltd. ("Shanghai Pukon") obtained its renewed certificate of HNTE on 15 November 2023 and is subject to income tax at 15% for the three years ending 31 December 2025.

Shanghai Puhui Medical Instruments Co., Ltd. ("Shanghai Puhui") obtained its certificate of HNTE on 15 November 2023 and is subject to income tax at 15% for the three years ending 31 December 2025.

Shanghai Puyue Medical Instruments Co., Ltd. ("Shanghai Puyue") obtained its certificate of HNTE on 26 December 2024 and is subject to income tax at 15% for the three years ending 31 December 2026.

Shanghai INT Medical Instruments Automation Co., Ltd. obtained its certificate of HNTE on 26 December 2024 and is subject to income tax at 15% for the three years ending 31 December 2026.

Shanghai Qimu Medical Instruments Co., Ltd. ("Shanghai Qimu") obtained its certificate of HNTE on 26 December 2024 and is subject to income tax at 15% for the three years ending 31 December 2026.

The 15% preferential tax rate applicable to HNTE is subject to renewal approval by the relevant authorities, upon expiry of the three-year grant period, according to the then prevailing income tax regulations.

(iii) Small and Micro Enterprise ("SME")

According to the PRC income tax law and its relevant regulations issued in 2019 and renewed policy issued in 2023, entities that qualified as SME are entitled to a preferential income tax rate of 5% for taxable income less than RMB3,000,000 (2022: 2.5% for taxable income less than RMB1,000,000 or 5% for taxable income ranges between RMB1,000,000 to RMB3,000,000).

During the year ended 31 December 2024, certain subsidiaries of the Group are qualified as small and low profit enterprise and enjoyed a preferential tax rate of 5% (2023: 5%), whereas applicable.

(iv) According to the PRC income tax law and its relevant regulations, an additional 100% of qualified research and development expenses for manufacturing enterprises and High-tech SMEs so incurred is allowed to be deducted from taxable income.

Hong Kong Profits Tax

During the years ended 31 December 2024 and 2023, the Company's subsidiary incorporated in Hong Kong is subject to Hong Kong Profits Tax at 8.25% of the taxable profit less than HKD2,000,000 or 16.50% of the taxable profit exceeding HKD2,000,000.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS

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

For the year ended 31 December 2024	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Retirement scheme contributions *RMB'000*	Share-based payments *(note ii and note 16)* *RMB'000*	2024 Total *RMB'000*
Executive directors					
Dr. Liang Dongke (梁棟科)	–	1,379	115	3,577	5,071
Mr. Lin Sen (林森)	–	916	113	298	1,327
Non-executive directors					
Mr. Zhang Weixin (張維鑫) *(note i)*	–	–	–	–	–
Ms. Chen Hongqin (陳紅琴) *(note i)*	–	–	–	–	–
Dr. Song Yuan (宋媛)	–	1,025	115	296	1,436
Mr. Wang Ruiqin (王瑞琴)	–	662	114	128	904
Independent non-executive directors					
Mr. Xu Congli (徐從禮)	120	–	–	–	120
Mr. Jian Xigao (蹇錫高)	120	–	–	–	120
Mr. Hui Hung Kwan (許鴻群)	120	–	–	–	120
	360	3,982	457	4,299	9,098

8 DIRECTORS' EMOLUMENTS *(Continued)*

For the year ended 31 December 2023	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Retirement scheme contributions *RMB'000*	Share-based payments *(note ii and note 16)* *RMB'000*	2023 Total *RMB'000*
Executive directors					
Dr. Liang Dongke (梁棟科)	–	1,320	115	4,705	6,140
Mr. Lin Sen (林森)	–	795	108	102	1,005
Non-executive directors					
Mr. Zhang Weixin (張維鑫) *(note i)*	–	–	–	–	–
Ms. Chen Hongqin (陳紅琴) *(note i)*	–	–	–	–	–
Dr. Song Yuan (宋媛)	–	840	115	73	1,028
Mr. Wang Ruiqin (王瑞琴)	–	635	113	51	799
Independent non-executive directors					
Mr. Xu Congli (徐從禮)	120	–	–	–	120
Mr. Jian Xigao (蹇錫高)	120	–	–	–	120
Mr. Hui Hung Kwan (許鴻群)	120	–	–	–	120
	360	3,590	451	4,931	9,332

Notes:

(i) During the years ended 31 December 2024 and 2023, Mr. Zhang Weixin and Ms. Chen Hongqin were not paid directly by the Group but received remuneration from the shareholder of the Company or its related parties other than the Group, in respect of the service to the shareholder.

(ii) These represent the estimated value of equity-settled share-based payment awards granted to the directors. The value of these awards is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(r)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the year ended 31 December 2024, one (2023: one) of the five individuals with the highest emoluments, are directors respectively whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other four (2023: four) individuals are as follows:

	2024 RMB'000	2023 *RMB'000*
Salaries and other emoluments	**9,868**	12,275
Retirement scheme contributions	**286**	358
Share-based payments	**1,259**	800
	11,413	13,433

The emoluments of the above individuals with the highest emoluments are within the following bands:

Emoluments bands in Hong Kong Dollars ("HKD")	**2024 Number of individuals**	2023 *Number of individuals*
HKDnil – HKD2,000,000	**1**	2
HKD2,000,001 – HKD4,000,000	**1**	1
HKD4,000,001 – HKD6,000,000	**–**	–
HKD6,000,001 – HKD8,000,000	**1**	1

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the adjusted profit attributable to equity shareholders of the Company of RMB180,917,000 (2023: RMB151,882,000), and the weighted average number of shares of 164,507,000 (2023: 165,864,000) in issue during the year, calculated as follows:

Adjusted profit attributable to equity shareholders of the Company

	2024 RMB'000	2023 *RMB'000*
Profit attributable to equity shareholders	**191,914**	156,457
Effect of unvested restricted shares *(note 16)*	**(10,997)**	(4,575)
Adjusted profit attributable to equity shareholders	**180,917**	151,882

10 EARNINGS PER SHARE *(Continued)*

(a) Basic earnings per share *(Continued)*

Weighted average number of ordinary shares

	2024 **'000**	2023 '000
Issued ordinary shares at 1 January	**171,000**	168,000
Effect of restricted shares issued *(note 16)*	**5,000**	3,000
Effect of unvested restricted shares *(note 16)*	**(10,000)**	(5,000)
Effect of purchase of own shares *(note 27(c))*	**(1,493)**	(136)
Weighted average number of ordinary shares at 31 December	**164,507**	165,864

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB187,703,000 (2023: RMB156,457,000), and the weighted average number of ordinary shares of 170,678,000 (2023: 170,864,000) in issue, calculated as follows.

Adjusted profit attributable to equity shareholders of the Company (diluted)

	2024 ***RMB'000***	2023 *RMB'000*
Adjusted profit attributable to equity shareholders *(basic)*	**180,917**	151,882
Effect of contingently issuable restricted shares *(note 16)*	**6,786**	4,575
Adjusted profit attributable to ordinary equity shareholders (diluted)	**187,703**	156,457

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of outstanding restricted shares, which are dilutive and adjusting the weighted average number of ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2024 ***RMB'000***	2023 *RMB'000*
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	**164,507**	165,864
Effect of contingently issuable restricted shares *(note 15)*	**6,171**	5,000
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share	**170,678**	170,864

The effect of outstanding employee share purchase plan ("ESPPs") issued by the subsidiaries (note 16) is anti-dilutive for the year ended 31 December 2024 and 2023, therefore is not included calculation of diluted earnings per share of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings held for own use RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Furniture, fixture and equipment RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost:							
At 1 January 2023	61,195	196,219	7,153	15,630	386,098	83,407	749,702
Additions	–	27,249	1,243	29,088	141,865	625	200,070
Transfer from construction in progress	364,580	32,623	–	–	(438,106)	40,903	–
Disposals	–	(10,111)	(217)	(1,174)	–	(2,136)	(13,638)
At 31 December 2023 and 1 January 2024	**425,775**	**245,980**	**8,179**	**43,544**	**89,857**	**122,799**	**936,134**
Additions	**–**	**20,848**	**1,422**	**30,138**	**37,833**	**7,541**	**97,782**
Transfer from construction in progress	**92,518**	**2,870**	**–**	**3,304**	**(125,752)**	**27,060**	**–**
Disposals	**–**	**(4,075)**	**–**	**(3,258)**	**–**	**(1,019)**	**(8,352)**
At 31 December 2024	**518,293**	**265,623**	**9,601**	**73,728**	**1,938**	**156,381**	**1,025,564**
Accumulated amortisation and depreciation:							
At 1 January 2023	(11,595)	(62,738)	(4,244)	(9,535)	–	(27,919)	(116,031)
Charge for the year	(6,467)	(18,972)	(1,137)	(6,804)	–	(8,060)	(41,440)
Written back on disposals	–	8,064	206	1,086	–	1,064	10,420
At 31 December 2023 and 1 January 2024	**(18,062)**	**(73,646)**	**(5,175)**	**(15,253)**	**–**	**(34,915)**	**(147,051)**
Charge for the year	**(19,067)**	**(22,498)**	**(1,046)**	**(14,277)**	**–**	**(14,982)**	**(71,870)**
Written back on disposals	**–**	**3,021**	**–**	**1,007**	**–**	**592**	**4,620**
At 31 December 2024	**(37,129)**	**(93,123)**	**(6,221)**	**(28,523)**	**–**	**(49,305)**	**(214,301)**
Net book value:							
At 31 December 2024	**481,164**	**172,500**	**3,380**	**45,205**	**1,938**	**107,076**	**811,263**
At 31 December 2023	407,713	172,334	3,004	28,291	89,857	87,884	789,083

12 LEASES

(a) Right-of-use assets

The Group leases land and buildings for own use. The leases of buildings typically do not include an option to renew the lease for an additional period after the end of the contract term. None of the leases includes variable lease payments.

Information about leases for which the Group is a lessee is presented below:

	Property *RMB'000*	Land use right *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2023	26,530	108,055	134,585
Termination	(12,403)	–	(12,403)
At 31 December 2023, 1 January 2024 and 31 December 2024	**14,127**	**108,055**	**122,182**
Accumulated depreciation			
At 1 January 2023	(12,355)	(6,287)	(18,642)
Charge for the year	(1,483)	(2,354)	(3,837)
Written back	9,498	–	9,498
At 31 December 2023 and 1 January 2024	**(4,340)**	**(8,641)**	**(12,981)**
Charge for the year	**(1,451)**	**(2,354)**	**(3,805)**
At 31 December 2024	**(5,791)**	**(10,995)**	**(16,786)**
Net book value			
At 31 December 2024	**8,336**	**97,060**	**105,396**
At 31 December 2023	9,787	99,414	109,201

(i) The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 December 2024 ***RMB'000***	31 December 2023 *RMB'000*
Leasehold properties for own use, carried at depreciated cost, with remaining lease term of:		
— within 10 years	**8,336**	9,787

	31 December 2024 ***RMB'000***	31 December 2023 *RMB'000*
Land use right for own use, carried at depreciated cost, with remaining lease term of:		
— between 10 and 50 years	**97,060**	99,414

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

12 LEASES *(Continued)*

(b) Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period.

	31 December 2024		31 December 2023	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within 1 year or on demand	**900**	**1,569**	–	–
More than 1 year but less than 2 years	**2,915**	**3,491**	253	1,569
More than 2 years but less than 5 years	**10,422**	**11,840**	9,376	11,276
More than 5 years	**2,187**	**2,226**	6,027	6,281
	15,524	**17,557**	15,656	19,126
	16,424	**19,126**	15,656	19,126
Less: total future interest expenses		**(2,702)**		(3,470)
Present value of the lease liabilities		**16,424**		15,656

(c) Amounts recognised in consolidated statements of profit or loss:

	2024	2023
	RMB'000	*RMB'000*
Lease charges relating to short-term leases	**400**	142
Depreciation charges on right-of-use assets	**3,805**	3,837
Interest on lease liabilities	**768**	741
Total	**4,973**	4,720

(d) Amounts recognised in the consolidated statements of cash flows:

	2024	2023
	RMB'000	*RMB'000*
Payments for short-term lease	**400**	142

13 INTANGIBLE ASSETS

	Software *RMB'000*	Patents and licenses *RMB'000*	Capitalised development costs *RMB'000* *(i)*	Total *RMB'000*
Cost				
At 1 January 2023	4,767	5,400	62,765	72,932
Additions	1,499	7,769	53,463	62,731
Transfers from internal development projects	–	6,255	(6,255)	–
At 31 December 2023 and 1 January 2024	**6,266**	**19,424**	**109,973**	**135,663**
Additions	**1,506**	**871**	**40,797**	**43,174**
Transfers from internal development projects	**–**	**13,960**	**(13,960)**	**–**
At 31 December 2024	**7,772**	**34,255**	**136,810**	**178,837**
Accumulated amortisation and impairment				
At 1 January 2023	(1,817)	(1,195)	–	(3,012)
Charge for the year	(924)	(1,353)	–	(2,277)
At 31 December 2023 and 1 January 2024	**(2,741)**	**(2,548)**	**–**	**(5,289)**
Charge for the year	**(1,326)**	**(2,863)**	**–**	**(4,189)**
Impairment loss	**–**	**–**	**(620)**	**(620)**
At 31 December 2024	**(4,067)**	**(5,411)**	**(620)**	**(10,098)**
Net book value				
At 31 December 2024	**3,705**	**28,844**	**136,190**	**168,739**
At 31 December 2023	3,525	16,876	109,973	130,374

(i) At 31 December 2024 and 2023, the capitalised development costs are related to cost incurred for vascular interventional division, endocardia implantable division and neurological interventional division, which was not yet available for use.

As at 31 December 2024, the carrying amount of capitalised development cost which was not yet available for use was RMB136,190,000. Annual impairment test is performed in respect of these intangible assets based on their recoverable amount. The Group assessed the recoverable amounts of the capitalised development costs based on the fair value less costs of disposal, determined using future revenue growth ranged from 0% to 40% (2023: 0.00% to 100.00%), discount rates ranged from 15.00% to 17.24% (2023: 15% to 18.76%), and royalty rates ranged from 12.66% to 17.67% (2023: 12.66% to 17.67%).

As at 31 December 2024, the Group identified an indicator of possible impairment regarding the capitalised development costs related to a certain internal development project due to the decrease of the forecast revenue. As a result, the carrying amount of this capitalised development costs was written down to their recoverable amount and an impairment loss of RMB620,000 was recognised in "impairment loss on intangibles assets" in note 5.

(ii) The amortisation charge for the year is included in "cost of sales, research and development expenses, and administrative expenses" in the consolidated statement of profit or loss as well as capitalised development costs.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

14 INVESTMENT IN SUBSIDIARIES

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

Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-in capital	Proportion of ownership interests held by the Company	Principal activities
Shanghai INT Medical Instruments Automation Co., Ltd. (上海珙泰醫療器械自動化有限公司)*	23 February 2000 the PRC	RMB5,000,000	100%	Manufacturing of masks, moulds and processing
Zhuhai Derui (珠海德瑞醫療器械有限公司)*	26 February 2016 the PRC	RMB130,000,000	100%	Manufacturing of medical devices
Shanghai Pukon (上海璞康醫療器械有限公司)*	28 March 2018 the PRC	RMB20,000,000	85%	Research and development, manufacturing and sales of semi-finished medical devices
Shanghai Qimu (上海七木醫療器械有限公司)*	17 August 2018 the PRC	RMB30,000,000/ RMB28,000,000	90%	Research and development, manufacturing and sales of medical devices
Shanghai Puhui (上海璞慧醫療器械有限公司)*	14 November 2018 the PRC	RMB57,500,000/ RMB39,800,000	58.96%	Research and development, manufacturing and sales of medical devices
Shanghai Healing Medical Instruments Co., Ltd. ("Shanghai Healing") (上海翰淩醫療器械有限公司)*	15 February 2019 the PRC	RMB61,210,526/ RMB53,060,526	61.36%	Research and development, manufacturing and sales of medical devices
Hongkong INT Medical Instruments Company Limited	21 February 2019 Hong Kong	HKD36,000,000	100%	Import and export trade, investment, and consultancy
Shanghai Pumei Medical Instruments Co., Ltd. ("Shanghai Pumei") (上海璞鎂醫療器械有限公司)*	12 March 2020 the PRC	RMB20,000,000/ RMB100,000	70%	Research and development, manufacturing and sales of medical devices
Shandong INT Medical Instruments Co., Ltd. ("Shandong INT") (山東珙泰醫療器械有限公司)*	13 January 2021 the PRC	RMB165,000,000/ RMB159,827,800	100%	Manufacturing of medical devices
Shanghai Pulin Medical Instruments Co., Ltd. ("Shanghai Pulin") (上海璞霖醫療器械有限公司)*	7 February 2021 the PRC	RMB20,000,000/ RMB16,500,000	65%	Sales of medical devices

(Expressed in Renminbi Yuan unless otherwise indicated)

14 INVESTMENT IN SUBSIDIARIES *(Continued)*

Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-in capital	Proportion of ownership interests held by the Company	Principal activities
Shanghai Puyue Medical Instruments Co., Ltd. ("Shanghai Puyue") (上海璞躍醫療器械有限公司)*	18 March 2021 the PRC	RMB20,000,000/ RMB13,000,000	60%	Research and development, manufacturing and sales of medical devices
Shanghai Yikai Medical Instruments Co., Ltd. ("Shanghai Yikai") (上海益凱醫療器械有限公司)*	23 June 2021 the PRC	RMB13,000,000/ RMB50,000	100%	Research and development, manufacturing and sales of medical devices
Shanghai INT Biotechnology Co., Ltd. ("Shanghai INT") (上海瑛泰生物科技有限公司)*	9 September 2022 the PRC	RMB5,000,000/ RMB2,000,000	100%	Research and development, manufacturing and sales of medical devices
Shanghai INT Pureray Medical Equipment Co., Ltd. ("INT Pureray") (上海瑛泰璞潤醫療器械有限公司)*	24 November 2022 the PRC	RMB10,000,000/ RMB8,000,000	100%	Research and development, manufacturing and sales of medical devices
Shandong Insant New Materials Co., Ltd. (山東瑛盛新材料有限公司)*	31 March 2023 the PRC	RMB20,000,000/ RMB7,600,000	51%	Research and development, manufacturing and sales of medical devices
Zhuhai Puyue Medical Instruments Co., Ltd. ("Zhuhai Puyue") (珠海璞躍醫療器械有限公司)*	25 September 2023 the PRC	RMB1,000,000/ RMB400,000	60%	Research and development, manufacturing and sales of medical devices
Shanghai Taijiarui Medical Technology Co., Ltd. (上海泰嘉瑞醫療科技有限公司)*	25 April 2024 the PRC	RMB100,000,000/ RMB2,000,000	51%	Sales of medical devices
Shandong INT Medical Technology Co., Ltd. (山東瑛泰醫療科技有限公司)*	21 October 2024 the PRC	RMB20,000,000/ –	100%	Sales of medical devices
Shanghai INT Life Co.,Ltd. (上海瑛泰昇活商貿有限公司)*#	29 November 2024 the PRC	RMB100,000,000/ RMB100,000	70%	Sales of cosmetic products

* These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of the company names is for identification purpose only.

The shareholders shall make a total capital contribution of RMB100.0 million, of which (i) the Company shall contribute in cash RMB70.0 million, accounting for 70% of the registered capital of Shanghai INT Life; and (ii) Dr. Song Yuan shall contribute in cash RMB30.0 million, accounting for 30% of the registered capital of Shanghai INT Life. Dr. Song Yuan is a non-executive Director of the Company, which is a related party of the Company. Detailed information is disclosed in the Company's announcement dated 28 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

14 INVESTMENT IN SUBSIDIARIES *(Continued)*

The following table lists out the information relating to the subsidiaries of the Group which has a material NCI. The summarised financial information presented below represents the amounts before any inter-company elimination.

	31 December 2024		31 December 2023	
	Shanghai Pukon *RMB'000*	**Shanghai Healing** *RMB'000*	Shanghai Pukon *RMB'000*	Shanghai Healing *RMB'000*
NCI percentage	**15.00%**	**38.64%**	15.00%	43.64%
Current assets	**70,657**	**23,055**	82,487	20,082
Non-current assets	**59,419**	**122,679**	28,898	99,336
Current liabilities	**(30,772)**	**(107,905)**	(45,333)	(74,585)
Non-current liabilities	**–**	**(2,150)**	–	(1,980)
Net assets	**99,304**	**35,679**	66,052	42,853
Carrying amount of NCI	**14,896**	**8,784**	9,233	16,150
Revenue	**124,847**	**30**	145,280	27
Profit/(loss) for the year	**62,569**	**(7,401)**	80,964	(10,624)
Profit/(loss) allocated to NCI	**9,385**	**(2,984)**	11,997	(4,636)
Cash flows from/(to) operating activities	**37,331**	**(16,414)**	39,415	(26,059)
Cash flows to investing activities	**(18,965)**	**(15,978)**	(9,861)	(18,529)
Cash flows (to)/from financing activities	**(30,000)**	**31,315**	(89,000)	44,632

15 ACQUISITION OF INTERESTS IN SUBSIDIARIES

During the year ended 31 December 2024, the Company entered into below equity interest transfer agreements with the non-controlling shareholders to acquire additional equity interest in its subsidiaries.

(a) On 18 January 2024, the Company, the individual shareholders, Shanghai Qimu and Shanghai Puhui entered into equity interest transfer agreements. Pursuant to these agreements, the Company agreed to purchase a total of approximately 36.67% equity interest in Shanghai Qimu and 4.70% equity interest in Shanghai Puhui at a total consideration of RMB15.1 million and RMB3.8 million, respectively.

(b) On 23 February 2024, the Company, Int Fund and Mr. Ke Wei (柯偉) and Shanghai Healing entered into an equity interest transfer agreement. Pursuant to this agreement, the Company agreed to purchase a total of approximately 5.00% equity interest in Shanghai Healing from the Int Fund and Mr. Ke Wei at a total consideration of RMB60.1 million. As disclosed in the Company's annual financial statements for the year ended 31 December 2023, Int Fund and Mr. Ke Wei (柯偉) have been granted certain preferred rights (include anti-dilution right, liquidation preferences and valuation adjustment rights) in accordance with the shareholder agreement. Upon the completion of this transaction, both Int Fund an Mr. Ke Wei will cease to be shareholders of Shanghai Healing and all preferred rights granted to them are terminated automatically.

The consideration of above transactions was determined with reference to the comparable market transactions during the period. These transactions were completed in 2024. As at 31 December 2024, the Company's equity interests in Shanghai Qimu, Shanghai Puhui, Shanghai Healing were 90.00%, 58.96%, 61.36%, respectively (31 December 2023: 53.33%, 54.26%, 56.36%, respectively).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

16 SHARE-BASED PAYMENT TRANSACTIONS

(a) Employee share purchase plan ("ESPP") — equity settled

Since 2020, the Group adopted several ESPPs to its subsidiaries, pursuant to which, the partnership firms, whose limited partners consisted of employees and directors of the Group ("participants"), invested in the Group's subsidiaries by way of subscribing newly issued equity interests of the subsidiaries.

(i) Healing ESPP

In 2021, the Group adopted ESPP to one of its subsidiaries, Shanghai Healing. Pursuant to which, Dr. Liang Dongke and Ningbo Hanshen Enterprise Management Consulting Partnership (LP)* 寧波翰昇企業管理諮詢合夥企業（有限合夥）(the Healing Share Incentive Platform) are eligible to acquire 14.02% equity interest in Shanghai Healing at a price of RMB8,150,000 in total (the "Healing ESPP"). The consideration price is determined with reference to the registered capital of Shanghai Healing. The Healing ESPP have vesting terms in schedule from the grant date over 55 months ending 31 December 2025 on the condition that the employees fulfil certain non-market performance condition.

In 2023, Shanghai Healing forfeited 45,000 ESPPs for certain participants upon their resignation from Shanghai Healing and re-granted these ESPPs to Dr. Liang Dongke at an exercise price of RMB1.00 per ESPP. These changes were accounted for as forfeiture to the original equity-settled share-based payment arrangements and a new grant in accordance with note 2(r)(ii). No Healing ESPPs were vested, forfeited or cancelled during the year ended 31 December 2024.

(ii) Puhui ESPP

In 2021, the Group adopted ESPP to one of its subsidiaries, Shanghai Puhui. Pursuant to which, Ningbo Youtuo Enterprise Management Partnership (LP)* 寧波優拓企業管理合夥企業（有限合夥）(the Puhui Share Incentive Platform) is eligible to acquire 20% equity interest in Shanghai Puhui at a price of RMB7,500,000 in total (the "Puhui ESPP"). The consideration price is determined with reference to the registered capital of Shanghai Puhui.

The Puhui ESPP have vesting terms in schedule from the grant date over 61 months ending 31 December 2026 on the condition that the employees fulfil certain non-market performance conditions. No Puhui ESPPs were vested, forfeited or cancelled during the years ended 31 December 2024 and 2023.

(iii) Fair value of ESPP and assumptions

The fair value of services received in return for the ESPPs granted on the grant date and/or modification date is measured by reference to the valuation reports prepared by the external valuers and reviewed and approved by the management.

* English translation is for identification purpose only.

16 SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(a) Employee share purchase plan ("ESPP") — equity settled *(Continued)*

(iv) Outstanding ESPPs

The number of ESPPs outstanding at 31 December 2024 was 15,650,000 (31 December 2023: 15,650,000) with an exercise price of RMB1.00 and a weighted average remaining contractual life of 1.06 years (31 December 2023: 1.65 years).

(v) Expense recognised in profit or loss

For details of the related employee benefit expenses, see Note 6.

(b) Restricted shares

(1) 2021 Share Incentive Scheme

On 19 August 2021, the Company adopted share incentive scheme ("2021 Share Incentive Scheme"), pursuant to which, Dr. Liang Dongke and two partnership firms, Jingning Int Chuangqi Enterprise Management Partnership (LP)* 景寧瑛泰創啟企業管理合夥企業（有限合夥） and Jingning Int Chuangyuan Enterprise Management Partnership (LP)* 景寧瑛泰創源企業管理合夥企業（有限合夥）, whose limited partners consisted of employees of the Group, invested in the Company by way of subscribing 5,000,000 domestic shares (the restricted shares) at a price of RMB12.00 per share.

The restricted shares have vesting terms in schedule from the grant date over 60 months ending 12 May 2027 on the condition that the employees fulfil certain non-market performance conditions. On 13 May 2021 and 17 October 2023, the Company received approval from the China Securities Regulatory Commission ("CSRC") in relation to its allotment and issuance of 2,000,000 and 3,000,000 respective new domestic shares under the 2021 Share Incentive Scheme. During the year ended 31 December 2023, the Company issued 3,000,000 domestic shares (2022: 2,000,000 domestic shares were issued) to the participants under the 2021 Share Incentive Scheme and received fund raised from the participants amounting to RMB36,000,000 (2022: RMB24,000,000).

During the year ended 31 December 2024, the Company forfeited 25,000 restricted shares for certain participants upon their resignation from the Company (2023: forfeited 84,300 restricted shares and cancelled 65,700 restricted shares). Meanwhile, the Company granted these restricted shares to Dr. Liang Dongke at a price of RMB12.00 per share.

Detailed information is disclosed in the Company's announcements and circular dated 21 September 2020, 6 November 2020, 16 April 2021, 17 May 2021, 19 August 2021 and 30 December 2022.

* English translation is for identification purpose only.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

16 SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(b) Restricted shares *(Continued)*

(1) 2021 Share Incentive Scheme (Continued)

(i) Fair value of restricted shares and assumptions

The fair value of services received in return for the restricted shares granted on the grant date and/or modification date is measured by reference to the valuation reports prepared by the external valuers and reviewed and approved by the management.

(ii) Outstanding restricted shares

The number of restricted shares outstanding at 31 December 2024 was 5,000,000 (31 December 2023: 5,000,000) with an exercise price of RMB12.00 and a weighted average remaining contractual life of 2.33 years (31 December 2023: 3.33 years).

(iii) Expense recognised in profit or loss

For details of the related employee benefit expenses, see Note 6.

(2) 2023 Share Incentive Scheme

On 19 December 2023, the Company adopted a new share incentive scheme ("2023 Share Incentive Scheme"), pursuant to which, Ningbo Jiaying Enterprise Management Partnership (LP)* 寧波嘉瑛企業管理合夥企業（有限合夥）, whose limited partners consisted of employees of the Group, invested in the Company by way of subscribing 5,000,000 shares (the restricted shares) at a price of RMB12.00 per share.

The restricted shares have vesting terms in schedule from the grant date over 60 months ending 19 March 2029 on the condition that the employees fulfil certain non-market performance conditions. On 13 March 2024, the Company received approval from the CSRC in relation to its allotment and issuance of 5,000,000 new domestic shares under the 2023 Share Incentive Scheme. During the year ended 31 December 2024, the Company issued 5,000,000 domestic shares to the participants under the share incentive scheme and received subscription price from the participants amounting to RMB60 million.

During the year ended 31 December 2024, the Company forfeited 400 restricted shares for certain participant upon his resignation from the Company. Meanwhile, the Company granted these restricted shares to Dr. Liang Dongke at a price of RMB12.00 per share.

* English translation is for identification purpose only.

16 SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(b) Restricted shares *(Continued)*

(2) 2023 Share Incentive Scheme *(Continued)*

Detailed information is disclosed in the Company's announcements and circular dated 16 October 2023, 14 November 2023, 30 November 2023 and 15 March 2024.

(i) Fair value of restricted shares and assumptions

The fair value of services received in return for the restricted shares granted on the grant date is measured by reference to the valuation reports prepared by the external valuers and reviewed and approved by the management.

(ii) Outstanding restricted shares

The number of restricted shares outstanding at 31 December 2024 was 5,000,000 with an exercise price of RMB12.00 and a weighted average remaining contractual life of 4.17 years.

(iii) Expense recognised in profit or loss

For details of the related employee benefit expenses, see Note 6.

(c) The H Share Award Scheme

On 16 May 2022, the annual general meeting approved the Company to adopt the H Share Award and Trust Scheme ("the H Share Award Scheme") to eligible employees. A trust deed has been entered into between the Company and Trident Trust Company (HK) Limited ("the Trustee"). Pursuant to the trust deed, the trust will be constituted to service the H Share Award Scheme whereby the Trustee shall assist with the administration of the H Share Award Scheme and shall, subject to the relevant provisions of the trust deed and upon the instruction of the Company, acquire such underlying shares of the H Share Award Scheme through on-market transactions with funds to be transferred by the Group to the Trust. Such underlying shares of the H Share Award Scheme shall not exceed 10,420,000 shares in any event. The H Share Award Scheme shall be valid and effective for ten years commencing from the date on which the H Share Award Scheme was approved by the shareholders at the annual general meeting. Detailed information is disclosed in the Company's circular dated 11 April 2022.

During the year ended 31 December 2024, the Trust acquired 800,000 award shares (2023: 892,800 award shares), respectively, from the market at an average prevailing market price of approximately HKD26.00 (equivalent to approximately RMB23.65) (2023: HKD25.94, equivalent to approximately RMB23.81) per share at an aggregate consideration of approximately HKD20,875,000 (approximately equivalent to RMB18,919,000) (2023: HKD23,163,000, approximately equivalent to RMB21,259,000), as disclosed in note 27(c).

The Company has the power to direct the relevant activities of the Trust and it has the ability to use its power over the Trust to affect its exposure to returns. Therefore, the assets and liabilities of the Trust are included in the Group's consolidated statement of financial position and the repurchased shares held at the end of reporting period were classified as treasury shares and presented as a deduction in equity. No award shares were granted, vested, cancelled or lapsed under the H Share Award Scheme during the years ended 31 December 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

17 OTHER NON-CURRENT ASSETS

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
Prepayment for purchase of property, plant and equipment	**8,448**	17,722
Investment deposit *(Note)*	**38,092**	27,000
Others	**6,134**	7,838
Total	**52,674**	52,560

Note: The balances of investment deposit as at 31 December 2024 includes:

(i) During the year ended 31 December 2023, the Company (the "Purchaser") entered into an acquisition agreement with three individuals (the "Vendors") and Shanghai Hude Automobile Tensioning Wheel Co., Ltd.* 上海滬德汽車張緊輪有限公司 ("Shanghai Hude"), pursuant to which, amongst others, the Purchaser has agreed to purchase and the Vendors have agreed to sell its entire equity interest in Shanghai Hude at a consideration of RMB32 million, of which its assets mainly consist of a land use right in Shanghai. The Company paid RMB25 million during the year ended 31 December 2023 and the transaction has not yet completed as of 31 December 2024.

(ii) On 18 December 2024, the Company entered into an acquisition intention agreement (the "Acquisition Intention Agreement") with Hangzhou Weiqiang Medical Technology Co., Ltd.* 杭州唯強醫療科技有限公司 (the "Target Company") and other four entities (the "Other Target Group Companies"), pursuant to which, the Company has conditionally agreed to acquire the controlling stake with at least 51% equity interest in the Target Company by way of capital injection and acquisition of equity interest from certain shareholders of the Target Company. In December 2024, the Company paid advance payments of RMB11,092,000. The transactions contemplated under the Acquisition Intention Agreement is subject to the parties further entering into a formal acquisition agreement, pursuant to which the final consideration and form of completion shall be set forth therein. Detailed information is disclosed in the Company's announcement dated 18 December 2024.

* English translation is for identification purpose only.

18 INVENTORIES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Raw materials	**71,310**	56,331
Work in progress	**27,039**	26,717
Finished goods	**63,204**	39,858
Goods in transit	**786**	5,864
	162,339	128,770

(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold	**312,288**	310,383
Write down of inventories	**2,004**	4,383
	314,292	314,766

19 TRADE AND OTHER RECEIVABLES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Trade and bills receivables (a)		
Bills receivable	**–**	295
Receivables from third parties	**114,809**	121,304
Receivables from related parties *(note 30)*	**920**	2,625
Less: losses allowance on trade receivables	**(656)**	(1,305)
Trade and bills receivables, net	**115,073**	122,919
Others	**3,853**	2,295
Less: losses allowance on other receivables	**(45)**	(21)
Trade and other receivables, net	**118,881**	125,193

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

19 TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables, based on the invoice date and net of loss allowance, is as follows:

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
Within 3 months	**108,452**	113,866
3 to 6 months	**5,769**	5,673
6 to 9 months	**852**	3,380
	115,073	122,919

Trade receivables are generally due within 30 to 120 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 28(a).

20 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
Non-current portion		
Unlisted units in investment funds		
— managed by Huaige Health	**133,533**	156,196
— managed by a third-party fund manager	**18,082**	11,827
	151,615	168,023
Unlisted equity investment	**7,000**	7,000
	158,615	175,023
Current portion		
Structured bank deposits	**30,000**	–

20 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(Continued)

The non-current financial assets measured at FVPL represent investment in units in unlisted funds, and a private entity incorporated in the PRC. These investments are primarily engaged or further invested in the life science and healthcare sectors.

Since 2020, the Company invested in three unlisted funds managed by Ningbo Huaige Health Investment Management Partnership (Limited Partnership)* (Chinese name as 寧波懷格健康投資管理合夥企業（有限合夥）, "Huaige Health"), together with other limited partners. The primary objectives of these unlisted funds are investment in equity interest of entities in the life science, healthcare and biotechnology sectors in the PRC. Total capital commitment of the Company to these funds managed by Huaige Health was RMB150 million in aggregate, of which RMB125 million was paid as at 31 December 2024. Detailed information is disclosed in the Company's announcements dated 19 March 2020, 29 April 2020, 18 August 2022 and 23 August 2022 and the circular dated 22 May 2020.

In 2023, the Company invested in another unlisted fund managed by an independent third party fund manager. The primary objective is investments in equity interests of the enterprises in the medical and healthcare sectors both domestically and internationally. Total capital commitment of the Company to this unlisted fund is RMB50 million. During the years ended 31 December 2024 and 2023, the Company made capital contribution of RMB7.5 million to the fund (2023: RMB10 million).

The current portion of financial assets measured at FVPL mainly represent structured bank deposits placed at a bank in the PRC with floating return rates with maturity period within six months from the date of issue.

Further details on the Group's credit risk arising from financial assets and its fair value measurement are set out in note 28.

* English translation is for identification purpose only.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	31 December 2024 **RMB'000**	31 December 2023 RMB'000
Cash at bank *(note)*	**521,928**	423,622
Cash on hand	**26**	46
Cash and cash equivalents	**521,954**	423,668

Note: Cash at bank includes deposits placed at banks in the PRC with original maturities of three months or less. These deposits are guaranteed for principal repayment with fixed returns. The balance of these deposits amounts to RMB306,134,000 as at 31 December 2024 (2023: RMB210,449,000). Further details on the Group's credit policy and credit risk arising from cash at bank are set out in note 28.

(b) Certificate of deposits:

	31 December 2024 **RMB'000**	31 December 2023 RMB'000
Current portion		
Certificate of deposits	**–**	10,728
Pledged bank deposits	**2,560**	282
	2,560	11,010
Non-current portion		
Certificate of deposits *(note)*	**40,106**	31,447

Note: As at 31 December 2024, the non-current portion of deposits placed at banks in the PRC have fixed returns rates ranged from 2.15% to 3.20% and maturity periods of two to three years from the date of issue (2023: 3.20% to 3.45% and maturity periods of two to three years).

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION
(Continued)

(c) Reconciliation of profit before taxation to cash generated from operations:

	Note	2024 RMB'000	2023 RMB'000
Profit before taxation		**213,384**	175,128
Adjustments for:			
Depreciation of property, plant and equipment	6(c)	**71,870**	41,440
Depreciation of right-of-use assets	6(c)	**3,805**	3,837
Amortisation of intangible assets	6(c)	**4,189**	2,277
Impairment losses on intangible assets	5	**620**	–
Finance costs	6(a)	**2,430**	3,194
Interest income	5	**(9,108)**	(11,831)
Share of loss of an associate		**395**	–
Loss on sale of property, plant and equipment		**16**	620
Provision for write down of inventories	18(a)	**2,004**	4,383
Net realised and unrealised losses/(gains) from fair value changes on financial instruments	5	**8,028**	(2,078)
(Reversal)/recognition of impairment loss on trade and other receivables	6(c)	**(625)**	407
Recognition of impairment loss on other current assets	6(c)	**–**	1,473
Foreign exchange gains and others		**(2,300)**	(2,545)
Equity-settled share-based payment expenses	6(b)	**6,789**	6,490
Operating profits before changes in working capital		**301,497**	222,795
Changes in working capital:			
(Increase)/decrease in inventories		**(35,573)**	21,124
Increase in operating receivables		**(16,482)**	(44,224)
Increase in operating payables		**25,999**	20,175
Increase in deferred income		**7,156**	6,249
Decrease in contract liabilities		**(18,323)**	(28,379)
Cash generated from operations		**264,274**	197,740

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(Continued)

(d) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Loans and borrowings *RMB'000* *(note 24)*	Lease liabilities *RMB'000* *(note 12)*
At 1 January 2023	32,683	16,145
Changes from financing cash flows:		
Repayments of loans and borrowings	(42,000)	–
Proceeds from new loans and borrowings	88,340	–
Interest of loans and borrowings paid	(2,353)	–
Total change from financing cash flows	43,987	–
Other changes:		
Lease liabilities terminated during the year	–	(1,230)
Interest expense	2,453	741
Total other changes	2,453	(489)
At 31 December 2023 and 1 January 2024	**79,123**	**15,656**
Changes from financing cash flows:		
Proceeds from new loans and borrowings	**228,020**	**–**
Repayments of loans and borrowings	**(80,000)**	**–**
Interest of loans and borrowings paid	**(1,544)**	**–**
Total change from financing cash flows	**146,476**	**–**
Other changes:		
Interest expense	**1,662**	**768**
Total other changes	**1,662**	**768**
At 31 December 2024	**227,261**	**16,424**

22 TRADE AND OTHER PAYABLES

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
Trade payables *(i)*	**44,229**	32,854
Payroll payables	**45,909**	40,869
Payables for purchase of property, plant and equipment	**29,186**	66,418
Amounts due to related parties *(note 30)*	**86**	179
Rebates liabilities	**6,962**	6,888
Others	**37,368**	28,965
	163,740	176,173

(i) As of the end of the reporting period, the ageing analysis of the Group's trade payables, based on the warehousing date, is as follows:

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
Within 3 months	**39,618**	25,912
Over 3 months but within 6 months	**2,739**	3,490
Over 6 months but within 1 year	**98**	1,611
Over 1 year	**1,774**	1,841
	44,229	32,854

All of the trade and other payables are expected to be settled within one year.

23 CONTRACT LIABILITIES

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
Advances received from third parties	**18,751**	37,074

Movement in contract liabilities

	2024 *RMB'000*	2023 *RMB'000*
At the beginning of year	**37,074**	65,453
Increase in contract liabilities as a result of receiving advances from customers	**415,292**	279,460
Decrease in contract liabilities as a result of recognising revenue during the year	**(433,615)**	(307,839)
At the end of year	**18,751**	37,074

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

24 LOANS AND BORROWINGS

	31 December 2024 **RMB'000**	31 December 2023 RMB'000
Bank loan payable within 1 year		
— unsecured	**217,249**	79,123
— secured	**10,012**	–
	227,261	79,123

As at 31 December 2024, the Group's loan of RMB227,261,000 (31 December 2023: RMB79,123,000) was borrowed from bank in the PRC with an interest-bearing rate of 2.30%-2.65% per annum and would be mature within one year.

25 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	2024 **RMB'000**	2023 RMB'000
At the beginning of the year	**22,418**	12,597
Provision for the year	**37,826**	29,415
Tax paid	**(38,730)**	(19,594)
At the end of year	**21,514**	22,418

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the year are as follows:

	Intercompany unrealised profit RMB'000	Tax losses RMB'000	Deferred income RMB'000	Fair value changes on financial assets measured at FVPL RMB'000	Depreciation allowances in excess of the related depreciation RMB'000	Right-of-use Assets RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	2,454	10,372	1,703	(4,588)	(1,788)	(2,126)	2,422	(85)	8,364
Credited/(charged) to profit or loss	2,388	1,714	812	(365)	214	658	(74)	2,168	7,515
At 31 December 2023 and 1 January 2024	**4,842**	**12,086**	**2,515**	**(4,953)**	**(1,574)**	**(1,468)**	**2,348**	**2,083**	**15,879**
Credited to profit or loss	**6,488**	**1,356**	**1,017**	**3,586**	**281**	**218**	**116**	**1,429**	**14,491**
At 31 December 2024	**11,330**	**13,442**	**3,532**	**(1,367)**	**(1,293)**	**(1,250)**	**2,464**	**3,512**	**30,370**

25 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

(b) Deferred tax assets and liabilities recognised: *(Continued)*

(ii) Reconciliation to the consolidated statement of financial position is as follows:

	2024 **RMB'000**	2023 RMB'000
Net deferred tax assets in the consolidated statement of financial position	**30,370**	17,649
Net deferred tax liabilities in the consolidated statement of financial position	**–**	(1,770)
	30,370	15,879

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB240,352,000 (2023: RMB162,243,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Cumulative tax losses incurred by the PRC subsidiaries amounting to RMB240,352,000 (2023: RMB162,243,000) will expire in ten years under the current tax legislation.

26 DEFERRED INCOME

	31 December 2024 **RMB'000**	31 December 2023 RMB'000
Government grants		
At the beginning of year	**18,543**	12,294
Grants received	**9,824**	8,863
Charged to profit or loss	**(2,668)**	(2,454)
Other	**–**	(160)
At the end of year	**25,699**	18,543
Representing		
— Current portion	**2,290**	1,550
— Non-current portion	**23,409**	16,993
Total	**25,699**	18,543

Deferred income of the Group mainly represents various grants received from the government to compensate the capital expenditure on production lines and expenditure incurred for research and developments projects.

Government grants are recognised as other income over the useful lives of relevant property, plant and equipment or when the research and development projects commenced.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	*Note*	Share capital *RMB'000*	Treasury shares *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
Balance at 1 January 2023		168,000	–	959,475	62,117	306,569	1,496,161
Profit for the year		–	–	–	–	192,696	192,696
Equity-settled share-based payment	*16(b)*	–	–	4,286	–	–	4,286
Subscription of restricted shares		3,000	–	33,000	–	–	36,000
Dividends approved in respect of the previous year	*27(e)*	–	–	–	–	(40,320)	(40,320)
Appropriation for surplus reserve		–	–	–	19,266	(19,266)	–
Repurchase of shares for share award scheme	*27(c)*	–	(21,259)	–	–	–	(21,259)
Balance at 31 December 2023 and 1 January 2024		**171,000**	**(21,259)**	**996,761**	**81,383**	**439,679**	**1,667,564**
Profit for the year		**–**	**–**	**–**	**–**	**208,157**	**208,157**
Equity-settled share-based payment	*16(b)*	**–**	**–**	**6,529**	**–**	**–**	**6,529**
Subscription of restricted shares		**5,000**	**–**	**55,000**	**–**	**–**	**60,000**
Dividends approved in respect of the previous year	*27(e)*	**–**	**–**	**–**	**–**	**(47,520)**	**(47,520)**
Dividends received by treasury share holders		**–**	**–**	**–**	**–**	**405**	**405**
Appropriation for surplus reserve		**–**	**–**	**–**	**6,617**	**(6,617)**	**–**
Repurchase of shares for share award scheme	*27(c)*	**–**	**(18,919)**	**–**	**–**	**–**	**(18,919)**
At 31 December 2024		**176,000**	**(40,178)**	**1,058,290**	**88,000**	**594,104**	**1,876,216**

27 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Share capital

	2024		2023	
	No. of shares ('000)	**RMB'000**	*No. of shares ('000)*	*RMB'000*
Ordinary shares, issued and fully paid:				
At the beginning of the year	**171,000**	**171,000**	168,000	168,000
Domestic shares issued during the year *(note i)*	**5,000**	**5,000**	3,000	3,000
At 31 December	**176,000**	**176,000**	171,000	171,000
Representing:				
Domestic shares issued	**71,787**	**71,787**	66,787	66,787
H shares issued	**104,213**	**104,213**	104,213	104,213
Total ordinary shares issued at 31 December *(note ii)*	**176,000**	**176,000**	171,000	171,000

Notes:

(i) The Company issued 5,000,000 domestic shares at a price of RMB12.00 per share to the participants under restricted share scheme during the year ended 31 December 2024, of which, RMB5,000,000 was recorded under share capital and the remaining of RMB55,000,000 was recorded under capital reserve.

(ii) As at 31 December 2024, the treasury shares of 1,692,800 (see note 27(c)) do not carry the right to vote, which are included in the above H shares issued.

27 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Purchase of own shares

During the year ended 31 December 2024, the Company repurchased its own shares on the Stock Exchange as follows:

Month/year	Number of H shares repurchased	Highest price paid per share *HKD*	Lowest price paid per share *HKD*	Aggregate price paid in *HKD'000*	Aggregate price paid in *RMB'000*
April 2024	**800,000**	**26.00**	**26.00**	**20,875**	**18,919**

During the year ended 31 December 2023, the Company repurchased its own shares on the Stock Exchange as follows:

Month/year	Number of H shares repurchased	Highest price paid per share *HKD*	Lowest price paid per share *HKD*	Aggregate price paid in *HKD'000*	Aggregate price paid in *RMB'000*
June 2023	2,000	24.75	24.00	49	45
July 2023	31,400	23.30	24.92	770	709
November 2023	859,400	26.00	26.00	22,344	20,505
					21,259

(d) Nature and purpose of reserves

(i) Capital reserve

Under PRC rules and regulations, capital reserve is non-distributable other than in liquidation and may be utilised for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders.

(ii) Statutory surplus reserve

In accordance with the PRC Company Law, all PRC subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the PRC accounting standard, to their respective statutory reserves until the reserves reach 50% of their respective registered capital. For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the the PRC. The reserve is dealt with in accordance with the accounting policy set out in note 2(v).

27 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(e) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2024 **RMB'000**	2023 RMB'000
Final dividend proposed after the end of the reporting period of nil per ordinary share (2023: RMB0.27 per ordinary share)	**–**	47,520

No dividends were proposed in respect of the year ended 31 December 2024 (2023: RMB0.27 per ordinary share).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024 **RMB'000**	2023 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, RMB0.27 per ordinary share (2023: RMB0.24 per ordinary share)	**47,520**	40,320

Pursuant to the shareholders' approval of the Company on 24 May 2024, a final cash dividend of RMB0.27 per share in respect of the year ended 31 December 2023 based on 176,000,000 ordinary shares totaling RMB47.5 million was declared and paid during the year ended 31 December 2024, of which, RMB0.4 million was subsequently received by the Group since the Trust holds 1,693,000 H shares and are treated as treasury shares.

(f) Distributability of reserve

As 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company, was RMB594,104,000 (2023: RMB439,679,000).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

27 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of the debt-to-equity ratio. For this purpose, the Group defines debt as total loans and borrowings and leases liabilities and defines equity as total equity.

As at 31 December 2024 and 2023, the Group's net debt-to-equity ratio was as follows:

	Note	**31 December 2024 *RMB'000***	31 December 2023 *RMB'000*
Current liabilities:			
Loans and borrowings	*24*	**227,261**	79,123
Lease liabilities	*12*	**900**	–
Non-current liabilities:			
Lease liabilities	*12*	**15,524**	15,656
Total debt		**243,685**	94,779
Total equity		**1,786,492**	1,678,378
Debt-to-equity ratio		**13.64%**	5.65%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's exposure to credit risk arising from cash at banks, deposits placed at banks and structured bank deposits is limited because the counterparties are reputable banks, for which the management believes are of high credit quality. Credit risk of investment in the unlisted funds are also considered to be limited because the fund managers are specialised in investment in life science and healthcare business with good track record proven. Accordingly, the Group's credit risk is primarily attributable to trade and other receivables. Management monitors the exposure to credit risk on an ongoing basis.

The Group normally require its distributors to make full prepayment prior to the delivery of the products. The Group offer credit sales to its medical device manufacturers and other distributors, with credit periods range from 30 to 120 days. The Group's exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer. The default risk of the industry or country in which the customers operate also has an influence on credit risk. As at 31 December 2024, 32% (2023: 30%) of the total trade receivables were due from the Group's top five largest customers. Normally, the Group does not obtain collateral from customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

The Group measures loss allowances for trade receivables at lifetime ECL. The Group determines ECL by using a provision matrix, estimated based on historical credit loss experience, the past default experience of the debtor, general economic conditions of the industry and country in which the debtors operates and an assessment of both the current and the forecast duration of condition as of the end of the reporting period. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2024 and 2023:

	As at 31 December 2024		
	Expected loss rate *%*	**Gross carrying amount** ***RMB'000***	**Loss allowance** ***RMB'000***
Within 3 months	**0.43%**	**108,923**	**(471)**
3 ~ 6 months	**1.00%**	**5,827**	**(58)**
6 ~ 9 months	**5.02%**	**897**	**(45)**
Over 9 months	**100.00%**	**82**	**(82)**
		115,729	**(656)**

	As at 31 December 2023		
	Expected loss rate *%*	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Within 3 months	0.36%	113,983	(412)
3 ~ 6 months	0.94%	5,727	(54)
6 ~ 9 months	5.00%	3,558	(178)
Over 9 months	100.00%	661	(661)
		123,929	(1,305)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
At the beginning of the year	**1,305**	1,508
Impairment losses recognised	**–**	386
Impairment losses reversed	**(649)**	–
Written off	**–**	(589)
At the end of year	**656**	1,305

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's shareholders when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities as of the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current as at the end of reporting periods) and the earliest date the Group can be required to pay:

	As at 31 December 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Lease liabilities	**1,569**	**3,491**	**11,840**	**2,226**	**19,126**	**16,424**
Trade and other payables	**109,526**	**–**	**–**	**–**	**109,526**	**109,526**
Loans and borrowings	**232,487**	**–**	**–**	**–**	**232,487**	**227,261**
	343,582	**3,491**	**11,840**	**2,226**	**361,139**	**353,211**

	As at 31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	–	1,569	11,276	6,281	19,126	15,656
Trade and other payables	127,272	–	–	–	127,272	127,272
Loans and borrowings	80,246	–	–	–	80,246	79,123
	207,518	1,569	11,276	6,281	226,644	222,051

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from cash at bank, bank deposits, bank loans and lease liabilities. Cash at bank with variable interest rate, fixed rate bank deposits, lease liabilities and bank loans expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. As at 31 December 2024 and 2023, the cash flow interest risk arising from the change of market interest rate is not considered significant. The Group's interest-bearing financial instruments at fixed interest rates as at 31 December 2024 and 2023 are bank deposits, bank loans and lease liabilities that are measured at amortized cost, and the change of market interest rate does not expose the Group to fair value interest risk. Overall speaking, the directors considered the Group's exposure to interest rate risk is not significant during the years ended 31 December 2024 and 2023.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("USD"). In the normal course of business, the Group enter into foreign currency forward contracts for trading transactions denominated in USD to reduce exposure to fluctuations in foreign currency exchange rates. These foreign currency forward contracts are not hedge account.

(i) Exposure to currency risk

The following table details the Group's exposure as at the end of the reporting periods to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year-end date.

	31 December 2024 USD *RMB'000*	31 December 2023 USD *RMB'000*
Trade and other receivables	**40,776**	42,435
Cash and cash equivalents	**180,704**	129,922
Trade and other payables	**(2,623)**	(1,468)
Net exposure arising from recognised assets and liabilities	**218,856**	170,889

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	As at 31 December 2024				As at 31 December 2023			
	Increase/ (decrease) of basis point	Effect on profit after tax *RMB'000*	Effect on retained earnings *RMB'000*	Effect on non-controlling interests *RMB'000*	Increase/ (decrease) of basis point	Effect on profit after tax *RMB'000*	Effect on retained earnings *RMB'000*	Effect on non-controlling interests *RMB'000*
USD	10%	18,790	18,800	(10)	10%	14,766	14,808	(42)
	(10%)	(18,790)	(18,800)	10	(10%)	(14,766)	(14,808)	42

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy *(Continued)*

A valuation report with analysis of changes in fair value measurement is prepared by the finance team at each interim and annual reporting date, and is reviewed and approved by the head of finance department. Discussion of the valuation process and results with the head of finance department and the directors is held twice a year, to coincide with the reporting dates.

	As at 31 December 2024			
	Level 1 *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Recurring fair value measurement				
Assets:				
— Investment in unlisted funds	**–**	**–**	**151,615**	**151,615**
— Unlisted equity investment	**–**	**–**	**7,000**	**7,000**
— Structured bank deposits	**–**	**–**	**30,000**	**30,000**
Total	**–**	**–**	**188,615**	**188,615**

	As at 31 December 2023			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Recurring fair value measurement				
Assets:				
— Investment in unlisted funds	–	–	168,023	168,023
— Unlisted equity investment	–	–	7,000	7,000
Liabilities:				
— Derivative financial instruments	–	–	(491)	(491)
Total	–	–	174,532	174,532

During the years ended 31 December 2023 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value *(Continued)*

Information about Level 3 fair value measurements

Investment in unlisted funds

The fair value of unlisted units in investment funds have been estimated using market approach. A valuation analysis of changes in fair value of each fund is prepared by the fund managers to the Company at each quarter end. The fund manager used methodology based on relevant comparable data whether possible to quantify the adjustment from cost or latest financing price when adjustment is necessary, or to justify that cost or latest financing price is still a proper approximately of fair value of the underlying investments held by the unlisted funds in determining the net asset value.

Unlisted equity investment

The fair value of unlisted investment is determined using the recent comparable market transaction price, if available, or other acceptable valuation techniques. As at 31 December 2024, the management determined the fair value of the unlisted equity investment with reference to the latest financing price where adjustment is necessary.

Structured bank deposits

The fair value of structured bank deposits is determined by discounting the cashflow associated with the products which is based on the expected rate of return in the product manual. The expected rate of return is not guaranteed and depends on the market price of underlying financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value *(Continued)*

Information about Level 3 fair value measurements *(Continued)*

The movements during the year in the balance of these Level 3 fair value measurements was as follows:

2024	Investment in unlisted funds *RMB'000*	Unlisted investment *RMB'000*	Structured deposits *RMB'000*	Derivative financial instruments *RMB'000*	Total *RMB'000*
At 1 January 2024	**168,023**	**7,000**	**–**	**(491)**	**174,532**
Investment in unlisted funds	**7,500**	**–**	**–**	**–**	**7,500**
Purchase of financial assets measured at FVPL	**–**	**–**	**30,000**	**–**	**30,000**
Dividend received from financial assets measured at FVPL	**(15,389)**	**–**	**–**	**–**	**(15,389)**
Net realised and unrealised (losses)/gains in profit or loss	**(8,519)**	**–**	**–**	**491**	**(8,028)**
At 31 December 2024	**151,615**	**7,000**	**30,000**	**–**	**188,615**

2023	Investment in unlisted funds *RMB'000*	Unlisted investment *RMB'000*	Derivative financial liabilities *RMB'000*	Total *RMB'000*
At 1 January 2023	155,454	7,000	–	162,454
Investment in unlisted funds	10,000	–	–	10,000
Net unrealised gains/(losses) recognised in profit or loss	2,569	–	(491)	2,078
At 31 December 2023	168,023	7,000	(491)	174,532

(Expressed in Renminbi Yuan unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(ii) Fair values of financial assets and liabilities carried at other than fair value

All financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2024 and 2023.

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Unlisted equity investment	Valuation multiples *(Note i)*	Changing trend of medium market multiples of comparable companies
Unlisted funds	Net asset value *(Note ii)*	Net asset value of underlying investments
Structured deposits	Discounted cash flow *(Note iii)*	Expected return rate

Note i: The fair value of certain unlisted equity investments is determined using valuation multiples adjusted for changing trend of medium market multiples of comparable companies. The fair value measurement is positively correlated to the changing trend of medium market multiples of comparable companies. As at 31 December 2024, it is estimated that with all other variables held constant, an increase/decrease in change of medium market multiples of comparable companies by 5% would have increased/decreased the Group's profit for the year by RMB350,000 (2023: RMB350,000);

Note ii: The fair value of unlisted units in investment funds is determined referencing net asset value of underlying investments. The fair value measurement is positively correlated to net asset value of underlying investments. As at 31 December 2024, it is estimated that with all other variables held constant, an increase/decrease in net asset value of underlying investments by 5% would have increased/decreased the Group's profit for the year by RMB6,551,000 (2023: RMB8,786,000 or RMB5,525,000).

Note iii: The fair value of structured bank deposits is calculated by discounting the expected future cash flows. The fair value measurement is negatively correlated to expected return rate. As at 31 December 2024, it is estimated that with all other variables held constant, a decrease/increase in fair value of structured deposits by 5% would have increased/decreased the Group's profit for the year by RMB1,175,000.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

29 COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at 31 December 2024 and 2023 not provided for in the financial statements were as follows:

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Contracted for	**89,046**	72,076
Authorised but not contracted for	**202,151**	80,701
Total	**291,197**	152,777

The capital commitments mainly include the unpaid capital commitments to the unlisted funds and the Target Company mentioned in note 17 and the capital expenditures on the construction of Shanghai and Shandong base as well as upgrading of production lines.

30 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9.

	2024 *RMB'000*	2023 *RMB'000*
Short-term employee benefits and others	**4,561**	4,233
Share-based payments	**2,430**	4,907
Total	**6,991**	9,140

Total remuneration is included in "Staff costs" (note 6(b)).

30 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions

During the reporting period, the directors are of the view that the following companies are related parties:

Name of party	Relationship
Shanghai Kindly Enterprise Development Group Co., Ltd.*# ("KDL") (Chinese name as 上海康德萊企業發展集團股份有限公司)#	Single largest Shareholder of the Company
Guangdong Kindly Medical Devices Group Co., Ltd.*# (Chinese name as 廣東康德萊醫療器械集團有限公司)	Subsidiary of KDL
Zhejiang Kindly Medical Devices Co., Ltd.*# (Chinese name as 浙江康德萊醫療器械股份有限公司)	Subsidiary of KDL
Shanghai Kindly Pipe Manufacture Co., Ltd.*# (Chinese name as 上海康德萊制管有限公司)	Subsidiary of KDL
Zhaoqing Kindly Medical Supply Chain Management Co., Ltd.*# (Chinese name as 肇慶康德萊醫療供應鏈有限公司)	Subsidiary of KDL
Guangxi Ouwen Medical Technology Group Co., Ltd*# (Chinese name as 廣西甌文醫療科技集團有限公司)	Subsidiary of KDL
Wenzhou Kindly Technology Co., Ltd.*# (Chinese name as 溫州康德萊科技有限公司)	Subsidiary of KDL
Shenzhen Enmind Technology Co., Ltd.*# (Chinese name as 深圳影邁科技有限公司)	Subsidiary of KDL
Shanghai Kindly Holdings Group Co., Ltd.*^ (Chinese name as 上海康德萊控股集團有限公司, "KDL Holding")	Controlling shareholder of KDL
Zhuhai Kindly Medical Industry Investments Co., Ltd.*^ (Chinese name as 珠海康德萊醫療產業投資有限公司)	Subsidiary of KDL Holding
Jiaxing Ruihao Plastics Technology Co., Ltd.* ("Jiaxing Ruihao") (Chinese name as嘉興瑞豪塑膠科技有限公司)	Corporate controlled by close family member of a director
Huaige Health	General partner of Ningbo Huaige Taiyi, which holds 13.28% equity interest in the Company

KDL and its subsidiaries/associates (excluding the Group) are herein referred to as "KDL Group".

^ KDL Holding and its subsidiaries/associates (excluding KDL Group and the Group) are herein referred to as "KDL Holding Group".

* English translation is for identification purpose only.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

30 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions *(Continued)*

During the reporting period, the Group entered into the following material related party transactions:

	2024 ***RMB'000***	2023 *RMB'000*
Sales of goods to KDL Group	**18,213**	7,483
Purchase of materials from KDL Group	**1,098**	651

Saved as disclosed above, the Company entered into the transaction with Dr. Song Yuan in relation to the formation of Shanghai INT Life, please refer to note 14.

(c) Related party balances

The outstanding balances arising from the above transactions as at the end of the reporting period are as follows:

	31 December 2024 ***RMB'000***	31 December 2023 *RMB'000*
Amounts due from related parties		
Trade related:		
KDL Group	**906**	2,606
KDL Holding Group	**14**	19
Total	**920**	2,625

	31 December 2024 ***RMB'000***	31 December 2023 *RMB'000*
Amounts due to related parties		
Trade related:		
KDL Group	**60**	86
Jiaxing Ruihao	**26**	93
	86	179
Financial assets at fair value through profit or loss		
Unlisted units in investment funds managed by Huaige Health *(note 20)*	**133,533**	156,196

Note: The trade-related outstanding balances with related parties are unsecured, non-interest bearing and are repayable on demand.

30 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(d) Other related party transactions

(i) Pursuant to an agreement dated 20 June 2018, KDL authorised the Company using its trademark "康德萊" or "KDL" on products for 20 years, commencing from 31 October 2018 to 31 October 2038. No fee is to be charged by KDL from 31 October 2018 to 31 October 2028. KDL is to charge the Company a royalty fee at an agreed amount which shall be no more than 1% of the Group's total sales of products with "康德萊" or "KDL" trademark from 31 October 2028 to 31 October 2038.

(ii) KDL authorised the Company using its trademark "康德萊" or "KDL" as its company name with free of charge. The authorisation has been ceased with the change of the Company's Chinese name from "上海康德萊醫療器械股份有限公司" to "上海瑛泰醫療器械股份有限公司" with the English name from "Shanghai Kindly Medical Instruments Co., Ltd." to "Shanghai INT Medical Instruments Co., Ltd." since 19 December 2023.

(e) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of (i) sales of goods to KDL Group, (ii) purchase of raw materials from KDL Group, and (iii) investment in unlisted funds managed by Huaige Health and (iv) the formation of Shanghai INT Life with Dr. Song Yuan as disclosed in note 30(b), note 20 and note 14 above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the Report of The Directors under heading "Connected Transactions". However, those transactions of above (ii) and (iii) are exempt from the disclosure requirements of continuing connected transactions in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

31 COMPANY — LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current assets		
Property, plant and equipment	508,652	526,882
Right-of-use assets	8,336	90,714
Intangible assets	101,862	22,156
Other non-current assets	43,385	37,754
Deferred tax assets	3,963	–
Interests in subsidiaries	585,913	496,271
Interests in an associate	585	–
Financial assets measured at FVPL	158,615	175,022
	1,411,311	1,348,799
Current assets		
Inventories	69,350	59,092
Trade and other receivables	486,543	326,010
Other current assets	10,625	9,006
Financial assets measured at FVPL	20,000	–
Cash and cash equivalents	309,048	194,039
	895,566	588,147
Current liabilities		
Trade and other payables	132,028	136,033
Contract liabilities	7,847	8,934
Loans and borrowings	227,261	79,123
Lease liabilities	900	–
Deferred income	2,290	1,505
Current taxation	23,856	11,607
	394,182	237,202
Net current assets	501,384	350,945
Total assets less current liabilities	1,912,695	1,699,744

31 COMPANY — LEVEL STATEMENT OF FINANCIAL POSITION *(Continued)*

	Note	**31 December 2024 RMB'000**	31 December 2023 RMB'000
Non-current liabilities			
Lease liabilities		**15,524**	15,656
Deferred tax liabilities		**–**	1,770
Deferred income		**20,955**	14,754
		36,479	32,180
NET ASSETS		**1,876,216**	1,667,564
CAPITAL AND RESERVES			
Share capital	*27*	**176,000**	171,000
Reserves	*27*	**1,700,216**	1,496,564
TOTAL EQUITY		**1,876,216**	1,667,564

Approved and authorised for issue by the board of directors on 18 March 2025.

LIANG DONG KE
Director

LIN SEN
Director

(Company Stamp)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

32 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 27 February 2025, the Company conditionally entered into the partnership agreement with Shanghai Science & Technology Investment Co., Ltd.* (上海科技創業投資股份有限公司), (as the co-general partner and the fund manager), Shanghai Chenyao Xinchen Enterprise Management Service Co., Ltd.* (上海辰耀新晨企業管理服務有限公司) (as the co-general partner) and other limited partners (as the limited partners) in relation to the establishment of, and investment in Shanghai Chenyao Xinchen Private Investment Fund Partnership (Limited Partnership)* 上海辰耀新晨私募投資基金合夥企業（有限合夥）(the "Chenyao Xinchen Fund"). The Company shall participate in the Chenyao Xinchen Fund as the limited partner and will make a capital commitment of RMB100.0 million. Detailed information is disclosed in the Company's announcement dated 27 February 2025.

33 IMMEDIATE AND ULTIMATE CONTROLLING COMPANY

As at 31 December 2024 and 2023, the Company does not have immediate and ultimate controlling companies.

(Expressed in Renminbi Yuan unless otherwise indicated)

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments and HKFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments*	1 January 2026
Amendments to HKFRS 9 and HKFRS 7, *Contracts Referencing Nature-dependent Electricity*	1 January 2026
Annual improvements to HKFRSs — Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

DEFINITIONS

"2023 Share Incentive Scheme"	the 2023 employee share incentive scheme of the Company approved by the Shareholders on 19 December 2023
"Articles"	the articles of association of the Company, as amended, modified or supplemented from time to time
"Award Shares"	the 5,000,000 new Domestic Shares allotted to Dr. Liang Dongke and the Share Incentive Platforms
"AGM"	the annual general meeting of the Company to be convened and held on Friday, 23 May 2025
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Company"	Shanghai INT Medical Instruments Co., Ltd.* (上海瑛泰醫療器械股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (Stock code: 1501)
"Director(s)"	the director(s) of the Company
"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 on any stock exchange
"Group" or "we" or "our"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange
"H Share Award and Trust Scheme" or "H Share Scheme"	the H Share Award and Trust Scheme approved by the Shareholders on 16 May 2022
"H Share Scheme Rules"	the rules governing the operation of the H Share Scheme as well as the implementation procedure (as amended from time to time)
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

"Independent Third Party(ies)"	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"PRC" or "China"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated 28 October 2019
"Reporting Period"	the year ended 31 December 2024
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including the Domestic Share(s) and the H Share(s)
"Shareholder(s)"	the holder(s) of share(s) of the Company
"Share Incentive Platforms"	Jingning Int Chuangyuan Enterprise Management Partnership (Limited Partnership)* (景寧瑛泰創源企業管理合夥企業（有限合夥）) and Jingning Int Chuangqi Enterprise Management Partnership (Limited Partnership)* (景寧瑛泰創啟企業管理合夥企業（有限合夥）), limited partnerships established in the PRC whose general partner is Dr. Liang Dongke
"Share Incentive Scheme"	the share incentive scheme approved by the Shareholders on 17 December 2020 and the amendments to the Share Incentive Scheme approved by the Shareholders on 17 May 2021
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the laws of Hong Kong)

DEFINITIONS

"Substantial Shareholder(s)"	has the meaning ascribed thereto in the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company