OrbusNeich 業聚醫療 25 Years ANNIVERSARY

OrbusNeich Medical Group Holdings Limited
業聚醫療集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6929

Annual Report 2024

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. David CHIEN
Ms. Kwai Ching Denise LAU
Mr. Wing Shing CHEN

Non-executive Directors
Mr. Ching Chung John CHOW
(Resignation effective from March 8, 2025)
Mr. Ting San Peter Lionel LEUNG
Dr. Yi ZHOU

Independent Non-executive Directors
Mr. Yip Keung CHAN
Mr. Ka Keung LAU *BBS, MH, JP*
Dr. Lai Fan Gloria TAM

AUDIT COMMITTEE

Mr. Yip Keung CHAN *(Chairman)*
Mr. Ka Keung LAU *BBS, MH, JP*
Dr. Lai Fan Gloria TAM

REMUNERATION COMMITTEE

Mr. Ka Keung LAU *BBS, MH, JP (Chairman)*
Mr. David CHIEN
Mr. Yip Keung CHAN

NOMINATION COMMITTEE

Mr. David CHIEN *(Chairman)*
Mr. Ka Keung LAU *BBS, MH, JP*
Dr. Lai Fan Gloria TAM

AUTHORIZED REPRESENTATIVES

Ms. Kwai Ching Denise LAU
Mr. Wing Shing CHEN

COMPANY SECRETARY

Mr. Wing Shing CHEN

REGISTERED OFFICE

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Hutchins Drive
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Cayman Islands

CORPORATE HEADQUARTERS

Units 303 & 305
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Shatin, N.T.
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 303 & 305
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Hong Kong Science Park
Shatin, N.T.
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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STOCK CODE

6929

COMPANY WEBSITE

https://orbusneich.com/

CHAIRMAN'S STATEMENT

We strive to offer a variety of endovascular and structural heart intervention products to effectively improve patients' quality of life

Ms. Denise Lau
Executive Director &
Chief Operating Officer

Mr. David Chien
Chairman,
Executive Director &
Chief Executive Officer

Dear Shareholders,

On behalf of the Board of Directors of OrbusNeich Medical Group Holdings Limited (the "**Company**"), I am pleased to present to our shareholders the Annual Report for the year ended December 31, 2024 ("**FY2024**").

The year 2024 was another challenging one, marked by escalating geopolitical tensions, macroeconomic challenges, and increased industry competition, all of which posed significant hurdles for businesses. While OrbusNeich cannot change the external environment, I am proud that our team has focused on strengthening our internal capabilities over the past year. Over the past year, our team has worked diligently across R&D, production, supply chain, clinical, regulatory, quality, sales and marketing areas, laying a strong foundation for a prosperous 2025.

In FY2024, the Group achieved its fourth consecutive year of revenue growth, reaching a record high of US$164.1 million, representing an increase of 6.6%. This was mainly driven by both external and organic growth, particularly in the APAC and EMEA markets. Excluding foreign exchange fluctuations, revenue would have increased by 8.7%. Our gross profit rose by 7.5% to approximately US$114.5 million, with the Group selling approximately 1.7 million units of products globally, of which 1.5 million units were proprietary products, an increase of 4.8% year on year.

During the year, we have not only focused on revenue growth, but also laid the groundwork for stronger long-term performance. A key initiative was the integration of the three businesses we acquired in late 2023: eucatech AG, a German medical device engineering company, as well as SJ Medicare and PT Revass, our South Korean and Indonesian distributors, respectively. Our team focused on essential integration tasks to maximize synergies. While these integration efforts are critical to our long-term development, they have resulted in additional operating costs, such as expenses for clinical registries and product registrations, resulting in a 11.9% decrease in profit attributable to the owners of the Company, totaling US$39.7 million. Basic earnings per share for 2024 were US4.81 cents (2023: US5.45 cents). Core operating profit, excluding share-based compensation, impairment of goodwill, recognition of deferred tax asset, fair value changes of USD commodity notes and finance income/costs, amounted to US$29.0 million (2023: US$34.4 million), representing a year-on-year decline of 15.8%.

Although our profitability was pressured by integration-related increases in operating costs, our financial position and cash flow remain robust. We are committed to pursuing our growth objectives and investing in strategic initiatives, while also recognizing the importance of delivering returns to our valued shareholders. After careful consideration of our future capital requirements, the Board has proposed a final cash dividend of HK10 cents per share (2023: HK10 cents per share) as a token of appreciation for the continued support.

The year 2025 marks a significant milestone for OrbusNeich, as we celebrate our 25th anniversary. Over the past 25 years, we have established a robust quality management system and a solid global presence, which includes a globally recognized brand name and an efficient international team with various facilities around the world. These valuable assets have enabled us to sell our products in more than 70 countries and regions. Furthermore, given the current competitive landscape in the PRC, many Chinese manufacturers are eager to enter overseas markets. This presents a tremendous opportunity for OrbusNeich to leverage its strong global presence and serve as a gateway for Chinese manufacturers seeking to enter international markets in a cost-effective manner. During the year, the Group reached an agreement with a renowned Chinese manufacturer to distribute its high-quality and innovative products in certain regions of the APAC market. Going forward, we will seek to extend this collaboration to other regions, while working with other top-tier manufacturers to further expand our product offerings with the aim of providing physicians with a one-stop cardiovascular intervention solution. To further consolidate our competitive edge in the global sales network, we have been striving to strengthen our market presence by converting our sales model from distributor sales to direct sales.

In addition to market expansion and product portfolio enrichment, market competition is also driving us to improve cost efficiency. One of our near-term initiatives will be to increase the level of automation in the Group's largest R&D and production facility in Hangzhou, PRC, in order to reduce labor requirements, improve operational efficiency and ultimately lower overall operating costs.

The past twenty-five years have been successful for us as we have continuously innovated, expanded our product lines, and strengthened our sales network. To sustain our steady growth in the medical device market, the Group will place greater emphasis on sustainable development, which includes nurturing a strong talent pool for future leadership, continuously refining our corporate governance systems, implementing measures to reduce our environmental impact, and giving back to the community. These strategic initiatives will enable us to adapt to the evolving healthcare landscape while staying true to our mission of improving patient outcomes.

Last but not least, I would like to express my heartfelt gratitude to our business partners, employees and valued shareholders for their trust and commitment. Your unwavering support has been key to our success. Together, we will foster innovation, achieve excellence and make a difference to the lives of those around us.

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		Year-on-year change
	2024 US$'000	2023 US$'000	
Operating results			
Revenue	**164,097**	153,865	+6.6%
Cost of sales	**(49,630)**	(47,367)	+4.8%
Gross profit	**114,467**	106,498	+7.5%
Profit before income tax	**42,407**	49,628	−14.6%
Profit for the year attributable to owners of the Company	**39,717**	45,073	−11.9%
Basic earnings per share (US cents)	**4.81**	5.45	−11.7%
Diluted earnings per share (US cents)	**4.81**	5.41	−11.1%
Profitability			
Gross profit margin(1)	**69.8%**	69.2%	+0.6% points
Net profit margin(2)	**24.2%**	29.3%	−5.1% points

Notes:

(1) Calculated by dividing gross profit by revenue.

(2) Calculated by dividing profit for the year attributable to owners of the Company by revenue.

FIVE YEARS' FINANCIAL SUMMARY

	For the year ended December 31,				
	2024 US$'000	2023 US$'000	2022 US$'000	2021 US$'000	2020 US$'000
Operating results					
Revenue	**164,097**	153,865	136,824	116,462	88,472
Cost of sales	**(49,630)**	(47,367)	(44,366)	(35,290)	(30,452)
Gross profit	**114,467**	106,498	92,458	81,172	58,020
Profit/(loss) before income tax	**42,407**	49,628	21,791	(1,318)	7,255
Profit/(loss) for the year attributable to owners of the Company	**39,717**	45,073	18,491	(4,444)	7,071
Basic earnings/(losses) per share (US cents)	**4.81**	5.45	3.17	(0.77)	1.23
Diluted earnings/(losses) per share (US cents)	**4.81**	5.41	2.55	(0.77)	1.23
Profitability					
Gross profit margin[1]	**69.8%**	69.2%	67.6%	69.7%	65.6%
Net profit margin[2]	**24.2%**	29.3%	13.5%	N/A	8.0%
	As of December 31,				
	2024 US$'000	2023 US$'000	2022 US$'000	2021 US$'000	2020 US$'000
Financial position					
Total non-current assets	**69,553**	62,181	36,785	33,172	29,179
Total current assets	**361,457**	347,963	314,275	235,355	74,467
Total non-current liabilities	**5,910**	5,102	4,682	68,965	13,284
Total current liabilities	**30,723**	35,624	23,812	16,450	55,466
Net current assets	**330,734**	312,339	290,463	218,905	19,001
Total equity	**394,377**	369,418	322,566	183,112	34,896

Notes:

(1) Calculated by dividing gross profit by revenue.

(2) Calculated by dividing profit for the year attributable to owners of the Company by revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Introduction

We are a major global medical device manufacturer specializing in interventional devices for PCI and PTA procedures. Headquartered in Hong Kong, China, our Group sells its products in more than 70 countries and regions worldwide. It is also actively expanding into neurovascular intervention and structural heart disease. With an in-house R&D team boasting over 20 years of product development expertise, our Group has developed world-leading proprietary technologies.

Our diversified product portfolio covers all major treatment processes in PCI and PTA procedures. Our approved and marketed products are indicated for lesion access, lesion preparation, lesion therapy and lesion optimization, encompassing semi-compliant balloons and scoring balloons for pre-dilatation and lesion preparation, stents for implantation, non-compliant balloons for post-dilatation, and specialty catheters.

Overall Performance for FY2024

As the global disinflationary trend continued, the major central banks eased their monetary policies during the year. However, a slowdown in the pace of interest rate cuts in the US is keeping the USD relatively strong for longer, which has impacted the Group's non-US revenue.

Nevertheless, thanks to the recovery of sales in the US and continuous growth in the APAC market in the second half of the year, the Group recorded revenue of US$164.1 million, an increase of 6.6% year on year. Excluding the foreign exchange impact, the revenue growth rate would have been 8.7% year-on-year. In 2024, sales volume reached 1.7 million units, of which 1.5 million units were proprietary products, representing an increase of 4.8% year on year. Gross profit increased by 7.5% to approximately US$114.5 million.

During the year, the Group undertook significant consolidation work following the acquisition of the three businesses at the end of 2023, incurring additional operating expenses of US$9.5 million, which are crucial to supporting its future sustainable growth. Excluding these additional operating expenses, the total of selling and distribution expenses, general and administrative expenses and research and development expenses were flat year-on-year in 2024.

These factors led to a year-on-year decrease of 11.9% in profit for the year attributable to owners of the Company to US$39.7 million in 2024. Basic earnings per share for 2024 was US4.81 cents (2023: US5.45 cents). Core operating profit, which excludes share-based compensation impairment of goodwill and recognition of deferred tax asset fair value changes of USD commodity notes and finance income — net, was US$29.0 million, down 15.8% year-on-year.

Performance by Geographical Market

APAC

The APAC region was the Group's major revenue growth driver in 2024. Revenue from the APAC market amounted to US$52.2 million, representing a remarkable growth of 43.7% year-on-year. The impressive performance was attributable to external growth, totaling US$11.5 million, arising from the newly acquired distributors in Indonesia and South Korea, as well as the robust organic growth of 13.8% year-on-year driven by markets such as Malaysia, Singapore, Hong Kong, Vietnam and India. In particular, the latest generation of scoring balloon, Scoreflex TRIO, recorded a rapid rise in sales since its launch in Malaysia in early 2024.

EMEA

EMEA revenue showed steady growth of 7.9% year-on-year to US$39.2 million. The increase was mainly attributable to increased sales of the Group's proprietary balloon products in direct sales markets such as Germany and Spain, as well as in distribution markets including Czech Republic, Slovakia and United Kingdom. However, this was partially offset by the termination of a distribution agreement with Cardiovascular Systems, Inc. ("**CSI**") for atherectomy products (third-party products) following the acquisition of CSI by Abbott.

Japan

Revenue generated in Japan declined by 9.4% to US$34.4 million in 2024. This was mainly due to the continued depreciation of the JPY against the USD during the year, and the regular reduction in reimbursement price of products in the second half of the year.

The PRC

In the second half of the year, as the Beijing-Tianjin-Hebei "3+N" Alliance volume-based procurement ("**VBP**") was gradually rolled out in various provinces and the Group adopted a more proactive marketing strategy, the sales volume of Scoreflex gained momentum. As a result, the year-on-year decline in revenue generated from the PRC in 2024 decreased to 5.4% from 23.3% in the first half of the year. Reported revenue generated from the PRC was approximately US$20.7 million.

The US

For the US market, following active discussions with Abbott — the US distributor, on sales strategies, the revenue in the US gradually picked up in the second half of 2024. In particular, the sales volume of the high average selling price product, Scoreflex NC more than tripled in the second half of the year compared with the first half. This significantly narrowed the revenue decline from 40.9% in the first half of 2024 to 17.7% for the full year. Revenue from the US market reached US$17.5 million in 2024.

Sales and Marketing

In 2024, the Group continued to sell products through its extensive sales network covering more than 70 countries and regions worldwide. In particular, it has established direct sales forces in 12 countries and regions, including the PRC, Hong Kong, Macau, France, Germany, Monaco, Indonesia, Japan, Malaysia, Singapore, Spain, and Switzerland. As of December 31, 2024, the Group had a total of 266 sales and marketing personnel (as of December 31, 2023: 221) and 207 distributors (as of December 31, 2023: 234). During the year, direct sales and distributor sales contributed approximately US$94.8 million and US$69.3 million, respectively, accounting for 57.7% and 42.3% of the Group's total revenue.

To promote its diverse product portfolio, the Group continued to actively participate in major industry conferences and events. In 2024, it organized or participated in more than 80 seminars, workshops, conferences, and discussion panels worldwide, including global congresses such as MYLIVE in Malaysia, SwissCTO in Switzerland, and GulfPCR in UAE. As part of its ongoing initiatives, the Group continued to host its Physician Exchange Program ("**PEP**"), which aims to bring experienced cardiologists to various regions to share their expertise in complex chronic total occlusion ("**CTO**") procedures and their experience in applying the Group's products. In 2024, the Group hosted 13 PEP sessions in Malaysia, Singapore, Indonesia and Vietnam to educate physicians and showcase products.

Leveraging its robust sales network and brand name recognized by cardiologists, the Group seeks to collaborate with other medical device manufacturers offering endovascular intervention products that are complementary to its existing product portfolio. In Q4 2024, the Group entered into a distribution agreement with a Chinese manufacturer to distribute its intravascular ultrasound (IVUS) catheter in Hong Kong and Macau from December 2024 onwards.

Product Development

The Group has consistently invested in a diverse range of R&D activities to constantly improve aspects such as product design, material treatment, manufacturing processes, etc. As of December 31, 2024, it owned more than 240 granted patents and published patent applications globally across key jurisdictions, including over 40 and 90 granted patents and published patent applications in the US and PRC, respectively. In recognition of its innovation, the Group was honored with the title of "State-level Technologically Advanced 'Little Giant' Enterprise" (「國家級專精特新『小巨人』」).

In 2024, the Group obtained NMPA approval for Teleport Neuro, FDA approval for Teleport XT, JADE PLUS 14/18/35 OTW, Sapphire Ultra and Sapphire NC Ultra, and CE Marks for Sapphire Ultra, Sapphire NC Ultra, Xtenza and Teleport XT. During the same period, it also submitted the NMPA registration application for its Teleport XT guiding catheter and Jade PTA Line Extension, and the PMDA registration application for Scoreflex QUAD and Teleport Glide. As of December 31, 2024, the Group had an aggregate of over 50 approved products, including 30 PMDA approved products, 40 CE marked products, 19 FDA cleared or approved products and 22 NMPA approved products. As of the reporting date, the Group has also obtained FDA approval for the COREPASS Modular Microcatheter targeting CTO lesions.

Following the acquisition of eucatech AG in November 2023, the Group has been actively registering eucaLimus (DES), Support C (coronary DCB) and VITUS (peripheral DCB) in various countries and regions. During 2024, registrations of one or more of the above-mentioned products have been completed in the Czech Republic, Italy, Malaysia, Saudi Arabia, Spain, Switzerland, UAE, and Vietnam, etc., while registration applications in Hong Kong, Indonesia and Singapore are pending approval. In addition, to renew the CE Mark of eucatech AG's products under the MDR regime, clinical registries have been initiated and internationally renowned key opinion leader (KOL) clinicians have been engaged to serve as lead principal investigators for these registries.

Meanwhile, the Group has continued to invest in new pipeline products such as the aspiration catheter, dual lumen catheter, peripheral scoring balloon and sheath. The registration applications for these products are expected to be submitted to various regulatory bodies in 2025.

Certain innovative products of the Group require clinical trials prior to registration application submission. During the year, patient enrollment for the Scoreflex TRIO clinical trial in the PRC was completed. The NMPA application was submitted in January 2025. In addition, the Group also initiated patient enrollment for the Sapphire 3 clinical trial in the US in Q4 2024, and the application for approval is expected to be submitted in Q1 2026. In line with the "leave nothing behind" trend, the Group is also investing in proprietary paclitaxel DCB, with clinical trials expected to commence in Q4 2025 in Japan.

Production Facilities

As of December 2024, annual production capacity reached approximately 2.0 million units of balloons and 60,000 units of stents. Product quality has always been the Group's top priority and is safeguarded by a strict quality management system. The Group's production facilities passed various audits during the year and maintained ISO 13485 certification. For example, eucatech AG passed the ISO 13485 re-certification audit in the second half of 2024.

Additionally, the Group's Shenzhen R&D and manufacturing site obtained ISO 14001 and ISO 45001 certifications in June 2024, demonstrating the Group's increasing emphasis on creating a green, safe and sustainable environment.

To meet the growing demand for our products in the medium term, the Group is constructing its largest R&D and manufacturing facility in Hangzhou, the PRC. Construction began in September 2024 and the new facility is expected to be operational in 2027, adding an annual production capacity of 2.4 million units of products upon commencement of production.

Joint Venture

During 2024, OrbusNeich P&F, a joint venture focusing on developing, manufacturing and commercialization of innovative structural heart products continued to push forward the TricValve clinical studies for two major Asian markets. The clinical trial in the PRC started in April 2024, while the PMDA clinical trial protocol approval in Japan is expected to be completed by the end of 2025.

In addition to TricValve, OrbusNeich P&F also has a comprehensive pipeline of structural heart interventional devices, including Vienna Aortic Valve, a TAVR product; Vienna Mitral Valve — Replacement, a TMVR product; Vienna Pulmonary Valve — replacement, a TPVR product; and balloon expandable valves, which are complementary additions to its series of self-expandable heart valve devices.

Outlook

Looking ahead to 2025, the Group expects the APAC and EMEA regions to continue to drive revenue growth, along with the continued recovery of the US market. In the PRC market, the Group's multiple generations of products allow it to engage in VBP with greater flexibility. Going forward, OrbusNeich will actively monitor and proactively respond to the latest VBP programs. Furthermore, the Group is well positioned to expand its product portfolio with the introduction of new offerings, including Teleport Glide and Scoreflex QUAD, initially targeting the Japanese market.

In recent years, regulatory changes in both domestic and international markets have posed challenges for medical device developers and manufacturers, particularly with the transition from the EU's MDD to MDR and the VBP initiatives in the PRC. The Group believes that this is an opportune time for mergers and acquisitions. As of December 31, 2024, it has cash and bank balances of US$248.6 million. This ample financial resource enables the Group to take advantage of industry consolidation opportunities and accelerate the enhancement of its technological reserves and product portfolio. Additionally, it is actively seeking suitable downstream businesses to further strengthen its overseas sales network.

The Group's robust sales network, consisting of 12 direct sales teams and various experienced distributors covering over 70 countries and regions, has attracted many manufacturers to collaborate with it. Therefore, in addition to expanding its existing product portfolio through acquisitions, it is actively negotiating with manufacturers to distribute high-quality and innovative products to further diversify its revenue streams.

As the Group continues to invest in strategic initiatives, it also recognizes the importance of delivering returns to its valued shareholders. After evaluating the Group's financial performance and future capital needs, the Board has proposed a final cash dividend of HK10 cents per share as a token of appreciation for the continued support of its shareholders.

FINANCIAL REVIEW

REVENUE

By business line

	2024	2023	**Change**	
	US$'000	US$'000	US$'000	%
Coronary interventional medical devices				
Scoring balloons	**58,218**	56,521	1,697	+3.0
Non-compliant balloons	**34,905**	28,685	6,220	+21.7
Semi-compliant balloons	**32,035**	30,188	1,847	+6.1
Stents	**10,767**	11,898	(1,131)	−9.5
Peripheral interventional medical devices				
Balloons	**12,449**	14,715	(2,266)	−15.4
Other medical accessories	**6,583**	5,925	658	+11.1
Third party products	**9,140**	5,933	3,207	+54.1
Total	**164,097**	153,865	10,232	+6.6

Our revenue increased by US$10.2 million from US$153.9 million for the year ended December 31, 2023 to US$164.1 million for the year ended December 31, 2024 as a result of the combined effect of (i) a US$6.2 million increase in revenue generated from our non-compliant balloons as a result of increase in sales volume of Sapphire II NC and Sapphire NC 24 in the APAC, EMEA and US markets; (ii) a US$1.8 million increase in revenue generated from our semi-compliant balloons as a result of increase in sales volume of Sapphire 3 in the APAC, EMEA markets; (iii) a US$1.7 million increase in revenue generated from our scoring balloons as a result of increase in sales volume of Scoreflex TRIO in the Singapore and Malaysia markets and Scoreflex NC in the APAC and EMEA markets, offset by the decrease in sales volume of Scoreflex in the PRC market and Scoreflex NC in the US market; and (iv) a US$3.2 million increase in revenue generated from the sales of third party products as a result of the acquisition of PT Revass in December 2023, which also distributed medical devices of other companies apart from our proprietary products, offset by a US$2.3 million decrease in revenue generated from our peripheral balloons as a result of decrease in sales volume of our JADE OTW in the US market and a US$1.1 million decrease in revenue generated from our coronary stents as a result of decrease in sales volume and average selling price of COMBO Plus in the Japan market.

By geographical area

	2024 US$'000	2023 US$'000	Change US$'000	%
APAC	**52,241**	36,357	15,884	+43.7
EMEA	**39,234**	36,362	2,872	+7.9
Japan	**34,435**	38,005	(3,570)	−9.4
The PRC	**20,689**	21,874	(1,185)	−5.4
United States	**17,498**	21,267	(3,769)	−17.7
Total	**164,097**	153,865	10,232	+6.6

Our revenue increased by US$10.2 million from US$153.9 million for the year ended December 31, 2023 to US$164.1 million for the year ended December 31, 2024, primarily due to: (i) a US$15.9 million increase in revenue generated from the APAC market, as a result of a) increase in sales volume and average selling price of Scoreflex TRIO scoring balloons and drug eluting balloons in Malaysia; b) increase in sales volume of COMBO Plus coronary stents, Scoreflex NC scoring balloons and the introduction of our drug eluting stent, eucaLimus, in Vietnam; and c) increase in sales from the Indonesia market as a result of the acquisition of PT Revass in December 2023; (ii) a US$2.9 million increase in revenue generated from the EMEA market, as a result of the increase in sales volume of our Sapphire 3 coronary balloons, Sapphire NC 24 coronary balloons and Scoreflex NC scoring balloons in direct sales markets such as Germany and Spain, as well as in countries like the Czech Republic, Slovakia and the United Kingdom, where we sold through distributors, offset by (i) a US$3.8 million decrease in revenue generated from the US market, mainly attributable to the decrease in sales volume of our Jade OTW peripheral balloons and Scoreflex NC scoring balloons, as a result of the integration work undertaken by Abbott following its acquisition of CSI in 2023 as well as the more restrictive insurance coverage policies on atherectomy devices, which also impacted Abbott's bundling sales strategy; (ii) a US$3.6 million decrease in revenue generated from the Japan market, as a result of the decrease in sales volume and average selling price of our COMBO Plus coronary stents, Scoreflex NC scoring balloons and Sapphire NC 24 coronary balloons; (iii) a US$1.2 million decrease in revenue generated from the PRC market, as a result of the decrease in sales volume and average selling price of our Scoreflex scoring balloons.

The Group's revenue is exposed to currency risk from various currency exposures (including Japanese Yen, Indonesian Rupiah, Renminbi and Euro). During the year, the substantial appreciation of US dollar reduced our revenue by approximately US$3.3 million. Despite the strong US dollar impact, the Group's revenue for the year ended December 31, 2024 hit a record high of US$164.1 million, representing a 6.6% growth as compared to last year. If the foreign exchange impact was excluded, the revenue would grow by 8.7% as compared to 2023.

Cost of sales

For the year ended December 31, 2024, the Group's cost of sales was US$49.6 million, representing a 4.8% increase compared to US$47.4 million for the year ended December 31, 2023. Such increase was primarily attributable to the overall increase in sales volume.

Gross profit and gross profit margin

As a result of the foregoing factors, gross profit increased by 7.5% from US$106.5 million for the year ended December 31, 2023 to US$114.5 million for the same period of 2024. Such increase was primarily due to the increase in sales volume during the year.

Gross profit margin for the year ended December 31, 2024 and 2023 remained stable at 69.8% and 69.2% respectively.

Other income — net

Other income decreased by 79.8% from US$2.1 million for the year ended December 31, 2023 to US$0.4 million for the year ended December 31, 2024, primarily due to the decrease in government grants to support our R&D projects in the PRC from US$1.8 million for the year ended December 31, 2023 to US$0.3 million for the year ended December 31, 2024.

Other gains/(losses) — net

We recorded US$2.6 million of other losses for the year ended December 31, 2024, as compared to US$0.6 million of other gains for the year ended December 31, 2023, mainly due to the decrease in fair value gain of the commodity linked fixed rate note from US$1.2 million for the year ended December 31, 2023 to nil for the same period of 2024, as well as the impairment of goodwill of US$1.6 million in relation to the Group's acquisition of a subsidiary in 2023.

Selling and distribution expenses

Selling and distribution expenses increased by 4.1% from US$35.9 million for the year ended December 31, 2023 to US$37.4 million for the year ended December 31, 2024, primarily due to the acquisition of subsidiaries in 2023, which led to increase in employee benefit expenses as a result of the increase in headcount and increase in marketing and advertising expenses.

General and administrative expenses

General and administrative expenses increased by 33.7% from US$18.9 million for the year ended December 31, 2023 to US$25.3 million for the year ended December 31, 2024, primarily due to the increase in employee benefit expenses due to the increase in headcount as a result of acquisition of subsidiaries in December 2023 and overall salary increment.

Research and development expenses

Research and development expenses increased by 18.5% from US$14.4 million for the year ended December 31, 2023 to US$17.0 million for the same period of 2024, primarily due to the increase in service fee to contract research organizations in relation to our drug eluting balloon pipeline product.

Finance income — net

We recorded a net finance income of US$11.7 million for the year ended December 31, 2024, as compared to a net finance income of US$10.5 million for the same period in 2023, primarily due to the increase in interest income from fixed deposits from US$10.1 million for the year ended December 31, 2023 to US$11.9 million in the same period of 2024.

Share of loss of investment in a joint venture

Share of loss of investment in a joint venture increased by 80.5% from US$0.8 million for the year ended December 31, 2023 to US$1.5 million for the same period in 2024, primarily due to the increase in employee benefit expenses as a result of increase in headcount and overall salary increment, as well as the increase in clinical trial expenses for TricValve in the PRC.

Income tax expense

Income tax expense decreased from US$4.6 million for the year ended December 31, 2023 to US$2.6 million for the year ended December 31, 2024, primarily due to the decrease in profit before tax for the year ended December 31, 2024, as compared to the same period in 2023.

Effective income tax rates for the year ended December 31, 2024 and 2023 were 6.0% and 9.2%, respectively. Decrease in effective income tax rate was mainly because of the increase in bank interest income, which was not taxable, as well as the recognition of deferred tax assets in relation to certain unrecognized tax losses brought forward from prior years.

Profit for the year attributable to owners of the Company

As a result of the foregoing, our profit decreased by 11.9% from US$45.1 million for year ended December 31, 2023 to US$39.7 million for the year ended December 31, 2024, mainly due to (i) increase in operating expenses as a result of the acquisition of subsidiaries in December 2023; (ii) increase in research and development expenses in relation to the development of our drug eluting balloons; and (iii) decrease in government grants for R&D activities during the year ended December 31, 2024.

CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt to asset ratio. The capital structure of the Group consists of shareholders' equity. Capital is managed so as to maximize the return to Shareholders while maintaining a capital base to allow the Group to operate effectively in the marketplace and sustain future development of the business.

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly financed its operations with its own working capital (2023: working capital and equity funding).

As of December 31, 2024, the Group had US$248.6 million of cash and bank balances, as compared to US$255.8 million as of December 31, 2023. Such decrease was mainly attributable to the net cash inflow of US$13.1 million generated from operating activities offset by the net cash outflow of US$19.0 million used in financing activities during the year.

The Group recorded total current assets of approximately US$361.5 million as of December 31, 2024 (2023: approximately US$348.0 million) and total current liabilities of approximately US$30.7 million as of December 2024 (2023: approximately US$35.6 million). As of December 31, 2024, total current liabilities of the Group primarily included trade payables, consideration payable in relation to the Group's acquisition of a subsidiary as well as accruals and other payables amounting to approximately US$26.6 million (2023: approximately US$25.5 million). As of December 31, 2024, accruals and other payables mainly consisted of accruals for employee benefit expenses of US$6.9 million, consideration payable in relation to the Group's acquisition of a subsidiary of US$4.2 million and other tax payable of US$2.1 million and accruals for royalty expenses of US$0.6 million.

Trade receivables in terms of debtor turnover days for the year ended December 31, 2024 was 90 days (2023: 86 days), while trade payable in terms of creditor turnover days for the year ended December 31, 2024 was increased to 43 days (2023: 34 days).

Current ratio (calculated by dividing the total current assets by the total current liabilities) of the Group was approximately 11.8 times as of December 31, 2024 (2023: approximately 9.8 times).

NET CURRENT ASSETS

The Group's net current assets as of December 31, 2024 were US$330.7 million, representing an increase of 5.9% compared to net current assets of US$312.3 million as of December 31, 2023.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to currency risk primarily from various currency exposures, primarily with respect to Japanese Yen, Indonesian Rupiah, Renminbi and Euro. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Group subsidiaries' functional currencies.

Our management manages the foreign exchange risks by performing regular review and monitoring our foreign exchange exposure. Our management has also set up a policy to require the subsidiaries of our Group to manage their foreign exchange risk against their functional currency.

For the year ended December 31, 2024, the Group recorded a net foreign exchange loss of US$0.7 million (2023: US$0.4 million).

CAPITAL EXPENDITURE

During the year ended December 31, 2024, the Group's total capital expenditures amounted to approximately US$12.9 million, which principally consisted of expenditures for the purchases of property, plant and equipment, intangible assets and right-of-use assets.

CHARGE ON ASSETS

As of December 31, 2024, the Group did not have any charge on assets.

TREASURY POLICY

The Directors will continue to follow the Group's prudent treasury policy to manage its financial resources, with the objective of maintaining its highly liquid position to ensure future growth opportunities would be captured when they arise.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Our Group's investment strategy for significant investments is to identify investment opportunities with growth potential that facilitate our expansion of product portfolio, strengthen our R&D capabilities, broaden our hospital coverage and increase our market penetration.

The Group intends to utilize the net proceeds raised from the Global Offering (as defined in the Prospectus) according to the plans set out in the section headed "Use of Proceeds from Listing" in this annual report.

There were no significant investments held with carrying amount accounting for more than 5% of the Group's total assets as of December 31, 2024, nor was there any plan authorized by the Board for other material investments or additions of capital assets as of the date of this annual report.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended December 31, 2024.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as of December 31, 2024.

FINANCIAL INSTRUMENT

The Group did not have any outstanding hedge contracts or financial derivative instruments as of December 31, 2024.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

David CHIEN (錢永勛), aged 60, is the Chairman and Chief Executive Officer of our Company. Mr. Chien joined the Group in February 2000, has been a Director since July 22, 2021 and was redesignated as an Executive Director on September 29, 2021. Mr. Chien has been the Chief Executive Officer of our Group since November 11, 2016 and is primarily responsible for overseeing the overall strategic planning and policy execution of the Group. Mr. Chien is the chairman of the Nomination Committee and a member of the Remuneration Committee. Mr. Chien also holds directorships in our subsidiaries.

Mr. Chien has around 31 years of experience in the medical devices industry, and was the director of Cordis-Neich Limited from January 1994 to October 1997. He was a director of Tysan Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0687), from November 1997 to January 2014. Mr. Chien has been the trustee of the Chien Foundation since January 1997 and the governor of KFoundation since July 2019. Mr. Chien was elected as a member of the Board of Trustees of Chung Chi College, the Chinese University of Hong Kong, in 2020.

Mr. Chien studied at York University in Canada.

Mr. Chien is the spouse of Ms. Kwai Ching Denise LAU, an Executive Director and Chief Operating Officer of our Group.

Kwai Ching Denise LAU (劉桂禎), aged 50, has been a Director since July 22, 2021 and was redesignated as an Executive Director on September 29, 2021. She has been the Chief Operating Officer of the Group since September 14, 2020, and is primarily responsible for leading, overseeing and supervising the operation of the Group. Ms. Lau also holds directorships in our subsidiaries.

Ms. Lau has more than 25 years of legal, business operation and management experience. Ms. Lau was trained and admitted as a solicitor in Hong Kong in 1999, and was subsequently admitted to practice law in England and Wales and the state of New York in 2000 and 2001, respectively. She worked as an attorney in Paul, Weiss, Rifkind, Wharton & Garrison from 2000 to 2006 and joined Morgan Stanley in February 2006, and left as managing director in April 2015. She joined the Group as the general counsel on April 3, 2018, and has been a senior vice president since April 3, 2018.

Ms. Lau obtained her Bachelor of Laws degree from The University of Hong Kong in 1996 and obtained her Postgraduate Certificate in Laws from the same university in 1997. Ms. Lau also obtained her master's degree in international economic law from the University of Warwick in the United Kingdom in January 2001. Ms. Lau has been the Vice President of the Fuyang Association of Enterprises with Foreign Investment (富陽外資企業協會) since March 2023.

Ms. Lau is the spouse of Mr. David CHIEN, the Chairman, Executive Director and Chief Executive Officer of our Group.

Wing Shing CHEN (陳泳成), aged 43, has been the Director of our Company since July 22, 2021 and was redesignated as an Executive Director on September 29, 2021. Mr. Chen has been the Company Secretary of our Company since September 29, 2021, and the Chief Financial Officer of our Group since January 8, 2018. Mr. Chen also holds directorships in our subsidiaries.

Mr. Chen has around 21 years of experience in auditing, accounting and corporate finance. He joined PricewaterhouseCoopers in December 2003 in the assurance practice and left as senior manager in February 2017. Before joining our Group, Mr. Chen worked in corporate finance in property development and investment sector in the PRC. Mr. Chen joined our Group in April 2017 as the financial controller, and was later promoted as the Chief Financial Officer of our Group in January 2018.

Mr. Chen obtained his Bachelor's degree in business administration, concentrating in financial engineering from The Chinese University of Hong Kong with first class honors in December 2003. He is a certified public accountant in Hong Kong, the State of Washington and the State of Delaware of the United States. He is also a charter holder of the Chartered Financial Analyst Institute.

Non-executive Directors

Ting San Peter Lionel LEUNG (梁鼎新), aged 64, was appointed as a Non-executive Director of our Company on May 23, 2023. Mr. Leung has over 37 years of experience in developing and managing projects in the Mainland China and overseas. He started his career as an assistant architect in 1985 and became a project manager in 1991. Since then, he assumed various management positions in Hong Kong listed property developers. He joined Hang Lung Properties Limited, a company listed on the Main Board of the Stock Exchange (stock code: 00101), in January 2014 and became their Director-Project Management from 2017 until his departure in May 2024. He joined Galaxy Entertainment Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0027), in May 2024 as Executive Vice President, Project Development.

Mr. Leung obtained a Postgraduate Diploma in Construction Project Management from The University of Hong Kong in July 1995, a Bachelor of Architecture degree and a Bachelor of Science (Architecture) degree from McGill University, Canada in June 1984 and June 1985, respectively. He is also a Registered Architect in Hong Kong, a member of the Hong Kong Institute of Architects and holds a PRC Class 1 Registered Architect Qualification.

Yi ZHOU (周伊), aged 44, has been a Director of our Company since September 28, 2021. Dr. Zhou was redesignated as a Non-executive Director on September 29, 2021. Dr. Zhou is primarily responsible for providing advice on the business development of the Group. Dr. Zhou has been a director of ONM Group Ltd. from July 2021 to September 28, 2021. Dr. Zhou has around 17 years of research and working experience in the chemistry, pharmaceutical and biotechnology industries. He was an analyst in pharmaceutical industry at Shenzhen Capital Group Co., Ltd. from May 2012 to September 2017. Since October 2017, Dr. Zhou has served as the head of department of the health industry fund in Shenzhen Capital Group Co., Ltd. Dr. Zhou was a non-executive director of Akeso, Inc., a company listed on the Main Board of the Stock Exchange (stock code: 9926), from November 2019 to June 2024, and was a director of Shenzhen YHLO Biotech Co., Ltd. (深圳市亞輝龍生物科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688575), from December 2016 to December 2022.

Dr. Zhou obtained his Bachelor's degree in chemistry from Hengyang Normal University in Hunan, the PRC in June 2003, his master's degree in organic chemistry from Hunan Normal University in Hunan, the PRC in July 2007, and his Ph.D. degree in medicinal chemistry from Peking University in the PRC in June 2011.

Independent Non-executive Directors

Yip Keung CHAN (陳業強), aged 41, was appointed as an Independent Non-executive Director on September 29, 2021 and is primarily responsible for supervising and providing independent judgment to our Board. Mr. Chan is the chairman of the Audit Committee and a member of the Remuneration Committee.

Mr. Chan has more than 19 years of experience in financial reporting, auditing, corporate finance, capital management and corporate governance. He started working in PricewaterhouseCoopers in September 2005 and was promoted as manager in October 2010. Mr. Chan was the finance manager of Mapletree Hong Kong Management Limited under Temasek of Singapore from November 2011 to April 2015, specialized in real estate investment trusts sector. He was the chief financial officer of the Pine Care Group Limited (a company previously listed on the Stock Exchange with stock code 1989 and was delisted in February 2024) from April 2015 to October 2020 and is currently the chief executive officer and executive director of the aforementioned group. He was appointed by Chinachem Group as the Director of Elderly Care Services in November 2022.

Mr. Chan obtained his Bachelor of Business Administration degree from the Chinese University of Hong Kong in 2005 and masters' degree in corporate governance from Hong Kong Polytechnic University in 2017. He is a certified public accountant in Hong Kong, a fellow of the Hong Kong Institute of Certified Public Accountant, and an associate member of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute.

Ka Keung LAU (樓家強), *BBS, MH, JP*, aged 49, was appointed as an Independent Non-executive Director on September 29, 2021 and is primarily responsible for supervising and providing independent judgment to our Board. Mr. Lau is the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Mr. Lau has around 27 years of experience in business management. Mr. Lau held several positions in the Nameson Group from August 1999 to March 2013, including information technology manager, vice president, and executive director. From August 2015 to April 2018, Mr. Lau served as a non-executive director in Nameson Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1982). Mr. Lau has served as an executive director and chief executive officer of Million Cities Holdings Limited ("**Million Cities**"), a company listed on the Main Board of the Stock Exchange (stock code: 2892) since 2016, and has assumed various directorships in subsidiaries of Million Cities. Mr. Lau has been appointed as an independent non-executive director of Tianjin Development Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 882), since March 30, 2023.

Mr. Lau received his Bachelor's degree from Manchester Metropolitan University, the United Kingdom in July 1997 and obtained his master's degree in business administration from University of Leicester, the United Kingdom in July 2008. Mr. Lau has served as deputy to the 14th National People's Congress (第十四屆全國人民代表大會), national committee member of the 13th Chinese People Political Consultative Conference in the PRC (中國人民政治協商會議第十三屆全國委員會), executive committee member of the 14th Tianjin Committee of Chinese People' Political Consultative Conference (中國人民政治協商會議天津市第十四屆常務委員會) and Vice Chairman of Tianjin Federation of Industry and Commerce (天津市工商業聯合會). Mr. Lau is also the chairman of the 28th Hong Kong United Youth Association (香港青年聯會).

Lai Fan Gloria TAM (譚麗芬), aged 67, was appointed as an Independent Non-executive Director on September 29, 2021 and is primarily responsible for supervising and providing independent judgment to our Board. Dr. Tam is a member of the Audit Committee and Nomination Committee.

Dr. Tam has around 41 years of experience in the healthcare industry. She started working as a Medical and Health Officer in the Medical and Health Department, Hong Kong Government in January 1984 and became Deputy Director of Health in July 2007. She was also the Controller of Centre for Food Safety in Hong Kong from June 2012 to June 2017. She is the founder of 3 Srs Company (仨仁一人有限公司), a public health consultancy cum investment firm, since June 2020. Dr. Tam served as an independent non-executive director of Zhaoke Ophthalmology Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6622), from April 2021 to April 2022. Dr. Tam served as an independent non-executive director of Arta TechFin Corporation Limited (formerly known as Freeman FinTech Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 279), from October 2021 to September 2024.

Dr. Tam obtained her Bachelor of Medicine and Bachelor of Surgery degrees from The University of Hong Kong in 1983 and Master of Medicine (Public Health) from the National University of Singapore in May 1993. She was elected as a Fellow of the Faculty of Public Health of the Royal College of Physicians, United Kingdom in February 2007.

SENIOR MANAGEMENT

For the biographies of Mr. David CHIEN (錢永勛), Ms. Kwai Ching Denise LAU (劉桂禎) and Mr. Wing Shing CHEN (陳泳成), please refer to the section headed "Directors and Senior Management — Directors" in this annual report.

Alain Djamel KHAIR, aged 54, has been the chief commercial officer of our Group since January 1, 2020. He is responsible for overseeing global commercial activities, steering the directions of market penetration of the Group's products, and managing the development and the implementation of all commercial strategies of the Group's product portfolio. He also directs and oversees our Group's growth matrix, distribution channels and the deployment of the company sales and marketing resources. Mr. Khair also holds directorship of our subsidiaries.

Mr. Khair has around 22 years of sales and marketing experience in the medical device industry. He held several management roles including products advisor, territory sales manager, clinical specialist for Eastern Europe and Middle East at Abbott Laboratories Limited from 2003 to 2008. He joined the Group as regional product manager in January 2008 and was the vice president in sales of EMEA from May 1, 2017 to December 31, 2019.

Mr. Khair received his registered nurse qualification from the Nursing & Midwifery Council in the United Kingdom in May 2002 and obtained his Master of Business Administration degree in marketing from University of Leicester in the United Kingdom in 2013.

Mr. Yuanli Eric Dong (董元利), aged 58, is the Vice President of Manufacturing of the Group and the General Manager of OrbusNeich Shenzhen, responsible for overall manufacturing activities.

Bringing over three decades of experience in the manufacturing industry and more than 20 years in the medical device sector, Mr. Dong has been involved in technical, management, and R&D activities in mechanics, electronics, home appliances and medical devices.

Mr. Dong joined OrbusNeich Shenzhen in 2000 as a Senior Engineer. Since then, he has held various management roles, including Manager of Manufacturing Engineering and Product Development, Manager of Technical Services and Manager of Material Management. He was promoted as Director of Plant Management in 2015 and the Director of Operations & General Manager of OrbusNeich Shenzhen in 2020. He was further promoted to Vice President of Manufacturing of the Group in 2021, where he managed the Group's manufacturing operations and served as the General Manager of OrbusNeich Shenzhen.

Mr. Dong obtained his Bachelor degree in engineering, majoring in mechanical manufacturing processes and equipment, from the Taiyuan Mechanics Institute (now North University of China) in 1989.

DIRECTORS' REPORT

The Directors are pleased to present this report to the Shareholders together with the audited consolidated financial statements of the Group for the year ended December 31, 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its subsidiaries are set out in Note 1 to the consolidated financial statements. There is no significant change in the nature of Group's activities during the year ended December 31, 2024.

FINANCIAL STATEMENTS

The financial performance of the Group for the year ended December 31, 2024 and the financial position of the Group as of December 31, 2024 are set out in the consolidated financial statements on pages 62 to 150 of this annual report.

GROUP FINANCIAL SUMMARY

A summary of the Group's results and assets and liabilities for the past five financial years is set out in the section headed "Five Years' Financial Summary" of this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year ended December 31, 2024, which includes a discussion and analysis of the Group's performance using financial and operational key performance indicators and future business development are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Financial Highlights" of this annual report. The financial risk management objectives and policies of the Group are set out in Note 3 to the consolidated financial statements.

DIRECTORS

Directors during the Reporting Period and up to the date of this annual report were:

Executive Directors
Mr. David CHIEN
Ms. Kwai Ching Denise LAU
Mr. Wing Shing CHEN

Non-executive Directors
Mr. Ching Chung John CHOW *(Resignation effective from March 8, 2025)*
Mr. Ting San Peter Lionel LEUNG
Dr. Yi ZHOU

Independent Non-executive Directors
Mr. Yip Keung CHAN
Mr. Ka Keung LAU *BBS, MH, JP*
Dr. Lai Fan Gloria TAM

In accordance with Article 83(3) of the articles of association of the Company (the "**Articles of Association**"), any Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and shall be eligible for re-election.

In accordance with Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Accordingly, Mr. David CHIEN, Ms. Kwai Ching Denise LAU and Mr. Wing Shing CHEN shall retire from office by rotation as Directors at the AGM and, being eligible, will offer themselves for re-election as Directors at the AGM.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographies of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" in this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with our Company and the Group has issued letters of appointment to each of the Non-executive Directors and the Independent Non-executive Directors. The principal particulars of these service contracts and letters of appointment are (i) for a term from 1 year (for Dr. Yi ZHOU, as a Non-executive Director) to 3 years (for the remaining Non-executive Directors and Independent Non-executive Directors); and (ii) are subject to termination in accordance with their respective terms. The term of the service contracts and the letters of appointment may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of the Directors has entered, or has proposed to enter, a service contract with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written annual confirmation from each Independent Non-executive Director of his/her independence pursuant to the Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent.

CHANGES OF INFORMATION IN RELATION TO THE DIRECTORS

Changes in information in relation to the Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of 2024 interim report of the Company are set out below:

- Mr. Ching Chung John CHOW has resigned as a Non-executive Director, with effect from March 8, 2025.

- Dr. Yi Zhou has resigned as a non-executive director of Akeso, Inc., a company listed on the Main Board of the Stock Exchange (stock code: 9926), with effect from June 30, 2024.

- Dr. Lai Fan Gloria TAM has retired as an independent non-executive director of Arta TechFin Corporation Limited (formerly known as Freeman FinTech Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 279), with effect from September 23, 2024.

Save as otherwise disclosed, there was no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the Reporting Period and up to the date of this annual report.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 9 to the consolidated financial statements.

EMOLUMENT POLICY

The Remuneration Committee is responsible for (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time, having regard to the Group's operating results, individual performance and comparable market practices; and (iv) reviewing and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions. No Director has waived or has agreed to waive any emoluments during the year ended December 31, 2024.

The Company has adopted Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme, the Share Award Scheme A and the Share Award Scheme B as an incentive for Directors and eligible employees. Details of the schemes are set out in the section headed "Share Incentive Schemes" in this annual report.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended December 31, 2024, none of the Directors were interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, there was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or its connected entity (within the meaning of Section 486 of the Companies Ordinance) had a material interest, whether directly or indirectly, and subsisting during the year ended December 31, 2024 or as of December 31, 2024.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in "Related Party Transactions" in Note 35 to the consolidated financial statements, there was no contract of significance between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended December 31, 2024 or subsisted as of December 31, 2024. No contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended December 31, 2024 or subsisted as of December 31, 2024.

CONNECTED TRANSACTIONS

Details of the related party transactions for the year ended December 31, 2024 are set out in Note 35 to the consolidated financial statements. None of the related party transactions constitute connected transactions/continuing connected transactions under Chapter 14A of the Listing Rules.

During the Reporting Period, the Group did not enter into any transactions which need to be disclosed as connected transactions/continuing connected transactions under Chapter 14A of the Listing Rules.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial Risks

The Group's principal business activities are exposed to a variety of financial risks including but not limited to credit risk, liquidity and interest rate risk, and foreign currency risk. Details of the aforesaid key risks and risk mitigation measures are elaborated in Note 3 "Financial Risk Management" to the consolidated financial statements in this annual report.

Market Risks

The Group is also exposed to market risks relating to commercialization and distribution of our products. Our business depends on the distributors for the sale and distribution of our products to a certain extent, market acceptance, and the long-term relationships with our customers, and failure of which could have an adverse impact on our business prospects. Reduced pricing power and gross profit margin erosion could materially and adversely affect our business, financial condition and results of operation if we are unable to successfully launch newer, more profitable products. In addition, as our sales depend to a certain extent on the availability of governmental and private health insurance in the countries where we have operations, in the absence of sufficient medical insurance coverage for use of our products, patients may choose alternative treatment methods, and hospitals may recommend such alternative treatments, or we may need to lower the prices of our products in order to have them included in the medical insurance reimbursement list, the Group is therefore exposed to the uncertainty of market share reduction due to the reasons above.

Legal Risks

From time to time, the Company may be subject to various pending or potential legal actions and proceedings, including those that arise in the ordinary course of our business, some of which may involve claims for damages that are substantial in amount. These actions and proceedings may relate to, among other things, product liability, intellectual property, distributor, commercial, and other matters. These actions and proceedings could also result in losses, including damages, fines, or penalties, any of which could be substantial, as well as criminal charges. Although such matters are inherently unpredictable, and negative outcomes or verdicts can occur, we believe that we will have significant defenses in all of them, and do not believe any of them will have a material adverse effect on our financial position. However, we could incur judgments, pay settlements, or revise our expectations regarding the outcome of any matter. Such developments, if any, could have a material adverse effect on our results of operations in the period in which applicable amounts are accrued, or on our cash flows in the period in which amounts are paid.

Sanctions Risks

The United States and other jurisdictions or organizations, including the European Union, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organizations within such countries. The Group could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Nations, Australia and other relevant sanctions authorities. Details of the Group's efforts on monitoring its business exposure to sanctions risk, the status of our future business (if any) in any country subject to sanctions imposed by the U.S., the European Union, Australia and the United Nations, and its business intention relating to customers from any such country are set out in the section headed "Internal Control and Internal Audit" in the Corporate Governance Report of this annual report.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2024, we employed a total of 1,331 employees.

The employee benefit expense, including Directors' remuneration, was approximately US$59.1 million for the year ended December 31, 2024, as compared to approximately US$53.3 million for the year ended December 31, 2023. The remuneration package of employees generally includes salary and bonus elements. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to statutory social insurance fund (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and childbirth insurance) and housing provident fund as applicable in the jurisdictions in which the Group operates.

The Group invests in continuing education and training programs for the management staff and other employees to upgrade their skills and knowledge continuously. It provides its employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. It also assesses the employees based on their performance to determine their salary, promotion and career development.

In addition, the Company has adopted the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme, the Share Award Scheme A and the Share Award Scheme B. Please refer to the section headed "Share Incentive Schemes" in this annual report for further details.

RETIREMENT AND EMPLOYEE BENEFIT SCHEMES

Details of the retirement and employee benefit schemes of the Company are set out in Note 9 to consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2024, sales to the Group's five largest customers, in aggregate, represented approximately 16.5% (2023: 22.2%) of the Group's total revenue, whereas sales to the single largest customers amounted to approximately 9.4% (2023: 13.2%) of the Group's total revenue.

For the year ended December 31, 2024, purchases from the Group's five largest suppliers accounted for approximately 55.0% (2023: 46.7%) of the Group's total purchases, whereas purchases from the single largest supplier amounted to approximately 28.1% (2023: 18.0%) of the Group's total purchases.

None of the Directors or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes that employees, customers and suppliers are key to the Group's success. The Group actively maintains a good relationship with employees, customers and suppliers. There was no material and significant dispute between the Group and its employees, suppliers and/or customers during the Reporting Period.

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

As of December 31, 2024, the interests and 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) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

Interests in Shares or Underlying Shares of the Company

Name of Director/ Chief Executive	Capacity	No. of Shares[1]	Number of Underlying Shares	Aggregate Interest[1]	Approximate Percentage of Shareholding Interest[5]
Mr. David CHIEN	Interest of controlled corporation	521,523,844 (L)[2]	–	521,523,844 (L)	62.99%
Ms. Kwai Ching Denise LAU	Interest of controlled corporation	521,523,844 (L)[2]	–	521,523,844 (L)	62.99%
Mr. Wing Shing CHEN	Beneficial owner	–	400,000 (L)[3]	400,000 (L)	0.048%
Mr. Ching Chung John CHOW *(Resignation effective from March 8, 2025)*	Beneficial owner	307,143 (L)	200,000 (L)[4]	507,143 (L)	0.06%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Mr. David CHIEN and Ms. Kwai Ching Denise LAU holds 55% and 45% of shareholdings of HART, respectively. As such, under the SFO, each of Mr. David CHIEN and Ms. Kwai Ching Denise LAU is deemed to be interested in 521,523,844 Shares held by HART.

(3) Mr. Wing Shing CHEN is interested in 400,000 underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed "Share Incentive Schemes" below.

(4) Mr. Ching Chung John CHOW was interested in 200,000 underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed "Share Incentive Schemes" below.

(5) The calculations were based on the number of Shares which each Party is interested in (whether directly or indirectly interested or deemed to be interested) as a percentage of the total number of issued Shares (i.e. 827,968,337 Shares) as of December 31, 2024.

Save as disclosed above, as of December 31, 2024, none of the Directors or chief executive 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 would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of December 31, 2024, so far as is known to the Directors, the following persons had interests or short positions in the Shares or underlying Shares which would need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares or Underlying Shares of the Company

Name of Substantial Shareholder	Capacity	No. of Shares[1]	Approximate Percentage of Shareholding Interest[4]
HART	Beneficial owner	521,523,844 (L)[2]	62.99%
Mr. David CHIEN	Interest of controlled corporation	521,523,844 (L)[2]	62.99%
Ms. Kwai Ching Denise LAU	Interest of controlled corporation	521,523,844 (L)[2]	62.99%
Suzhou Red Earth Yeju Investment Ltd. ("**SZYJ**")	Beneficial owner	69,961,095 (L)[3]	8.45%
Suzhou Laterite Industry Poly Venture Capital Partnership (Limited Partnership)* (蘇州紅土業聚創業投資合夥企業（有限合夥）) ("**Suzhou VC**")	Interest of controlled corporation	69,961,095 (L)[3]	8.45%
Shenzhen Venture Capital Manufacturing Transformation and Upgrading Advance Materials Fund (Limited Partnership)* (深創投製造業轉型升級新材料基金（有限合夥）) ("**Shenzhen VC**")	Interest of controlled corporation	69,961,095 (L)[3]	8.45%
Shenzhen Venture Capital Laterite Private Equity Investment Fund Management (Shenzhen) Co., Ltd.* (深創投紅土私募股權投資基金管理（深圳）有限公司) ("**Shenzhen VC Fund Management**")	Interest of controlled corporation	69,961,095 (L)[3]	8.45%
Shenzhen Capital Group Co., Ltd. ("**SCGC**")	Interest of controlled corporation	96,440,655 (L)[3]	11.65%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Mr. David CHIEN and Ms. Kwai Ching Denise LAU holds 55% and 45% of shareholdings of HART, respectively. As such, under the SFO, each of Mr. David CHIEN and Ms. Kwai Ching Denise LAU is deemed to be interested in 521,523,844 Shares held by HART.

(3) SCGC Capital Holding Company Limited ("**SCGC Capital**"), SZYJ and HTYL Investment Holdings Limited ("**HTYL**") hold 12,477,138, 69,961,095 and 14,002,422 Shares, respectively. SZYJ is wholly owned by Suzhou VC, which Shenzhen VC is the limited partner holding 99.9981% of the partnership interest and Shenzhen VC Fund Management is the general partner holding 0.0019% of the partnership interest. Shenzhen VC Fund Management is wholly owned by SCGC. Each of SCGC Capital and HTYL is controlled by SCGC. As such, under the SFO, SCGC is deemed to be interested in the Shares collectively held by SZYJ, SCGC Capital, and HTYL.

(4) The calculations were based on the number of Shares which each Party is interested in (whether directly or indirectly interested or deemed to be interested) as a percentage of the total number of issued Shares (i.e. 827,968,337 Shares) as of December 31, 2024.

Save as disclosed above, as of December 31, 2024, the Directors of the Company were not aware of any persons who had an interest or short position in the Shares, underlying Shares and debentures of the Company which would need to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

MANAGEMENT CONTRACT

During the Reporting Period, no contract concerning the management and administration of all or any substantial part of the business of the Company was entered into or existed.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to Article 164 of the Articles of Association, the Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

The Company has maintained directors' liability insurance after Listing which provides appropriate cover for the Directors of the Company.

USE OF PROCEEDS FROM LISTING

The table below sets forth the intended application of the net proceeds and actual usage up to December 31, 2024:

Intended application	**Unutilized net proceeds as of December 31, 2023**		**Utilized net proceeds from January 1, 2024 to December 31, 2024**	**Unutilized net proceeds as of December 31, 2024**	**Expected timetable for the use of unutilized net proceeds**
	(US$ million)	(%)	(US$ million)	(US$ million)	
For the development and commercialization of our pipeline products					
(i) for the ongoing R&D activities, clinical trial and product registration of our new coronary and peripheral balloon and catheter-based products;	0.9	2.4%	(0.9)	–	N/A
(ii) for the ongoing R&D activities for new generation of neuro interventional products; and	1.5	4.0%	(0.1)	1.4	By the end of 2025
(iii) to support the expansion of our R&D team in our Shenzhen facility	0.7	1.9%	(0.4)	0.3	By the end of 2025
For the expansion of our production capacities					
(i) to construct and renovate new facilities to be built on the land acquired in 2023 with area of approximately 20,000 sq.m; and	28.7	75.9%	(4.3)	24.4	By the end of 2026
(ii) to purchase new machinery and equipment for the new manufacturing site	4.2	11.0%	–	4.2	By the end of 2027
For working capital and other general corporate purposes	1.8	4.8%	(0.5)	1.3	By the end of 2027
Total	37.8	100.0%	(6.2)	31.6	

The expected timetable for utilizing the remaining proceeds is based on the best estimates of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

SHARE INCENTIVE SCHEMES

1. Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was approved and adopted by ONM Group Ltd. on December 18, 2020 and was assigned to the Company on September 21, 2021. The purpose of the Pre-IPO Share Option Scheme is to enable our Group to grant options or awards to qualified persons (as determined by the sole opinion of our Board) including any director, employee, advisor and consultant of our Company or any of our associated companies as incentives, attraction, motivation or rewards by reason of their contribution or potential contribution to our Company and/or any of our associated companies. For more details of the Pre-IPO Share Option Scheme, please refer to "Statutory and General Information — D. Share Incentive Schemes — 1. Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus.

The maximum number of Shares in respect of which options or awards may be granted under the Pre-IPO Share Option Scheme shall be 40,000,000 Shares, being approximately 4.83% of the total number of Shares in issue as of the date of this annual report. There is no maximum entitlement of each participant. Pursuant to the Pre-IPO Share Option Scheme, there is no amount payable on acceptance of the option and the date of acceptance is subject to the offer document. No option or award under the Pre-IPO Share Option Scheme will be granted after the Listing Date, although provisions of the Pre-IPO Share Option Scheme will in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted pursuant to the Pre-IPO Share Option Scheme on or prior to the Listing Date or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Pre-IPO Share Option Scheme.

Save as disclosed in the table below, no other options have been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme.

2. Post-IPO Share Option Scheme

We have adopted the Post-IPO Share Option Scheme on December 5, 2022 and amended on June 6, 2024. The principal terms of the Post- IPO Share Option Scheme are set out as follows.

The total number of options available for grant under the Post-IPO Share Option Scheme at the beginning and the end of the Reporting Period remained at 76,604,993 Shares.

(a) Purpose

The purpose of the Post-IPO Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Post-IPO Share Option Scheme, with its broadened basis of participation, will enable our Group to reward our employees, our Directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine the performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

(b) ***Who may join***

Our Directors (which expression shall, for the purpose of this paragraph, include a duly authorized committee thereof) may, at their absolute discretion, invite any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of our Group to take up options to subscribe for Shares.

For the purposes of the Post-IPO Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of these classes of participants. For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of these classes of participants shall not, by itself, unless our Directors otherwise so determine, be construed as a grant of option under the Post-IPO Share Option Scheme.

The eligibility of any of these class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to the participant's contribution to the development and growth of our Group.

(c) ***Maximum number of Shares***

The maximum number of Shares which may be issued in respect of all options to be granted under the Post-IPO Share Option Scheme and any other scheme of our Group shall not exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10% limit representing 82,776,993 Shares, being approximately 10% of the total number of Shares in issue as of the date of this annual report.

(d) ***Maximum entitlement of each participant***

Where any grant of options to a participant would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options lapsed in accordance with the terms of the Post-IPO Share Option Scheme) in any 12-month period up to and including the date of such further grant representing in aggregate over 1% of the issued share capital, such grant shall be subject to the relevant requirements pursuant to the Listing Rules.

(e) ***Time of acceptance and exercise of option***

An option may be accepted by a participant within 5 Business Days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Post-IPO Share Option Scheme.

Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Post-IPO Share Option Scheme for the holding of an option before it can be exercised.

(f) ***Performance targets and vesting period***

Unless our Directors otherwise determine and state in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Post-IPO Share Option Scheme can be exercised. The vesting period for options shall not be less than 12 months.

(g) Subscription price for Shares and consideration for the option

The subscription price per Share under the Post-IPO Share Option Scheme will be a price determined by our Directors, but be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK$1.00 is payable upon acceptance of the grant of an option.

(h) Period and remaining life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted. The remaining life of the Post-IPO Share Option Scheme shall be approximately 7 years and 8 months.

3. Share Award Scheme A

We have adopted the Share Award Scheme A on March 8, 2023. The principal terms of the Share Award Scheme A are set out as follows. The awarded shares will be satisfied by existing Shares to be purchased by trustee on the market as instructed from the Board from time to time. The total number of Shares available for grant under the Share Award Scheme A at the beginning and the end of the Reporting Period was 82,776,993 Shares and 80,026,993 Shares, respectively.

(a) Purpose

The purpose of the Share Award Scheme A is to recognize the contributions by eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

(b) Who may join

Eligible participants include: (i) any employee(s) of any member of our Group; (ii) any director(s) and employee(s) of the holding companies, fellow subsidiaries or associated companies of the Company; and (iii) any person(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Company and/or its associated companies (the "**Service Providers**"), but exclude persons who are core connected persons of the Company as defined in the Listing Rules.

For the avoidance of doubt, Service Providers may not include placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, as well as professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

(c) Maximum number of Shares

The maximum number of Shares which may be awarded by the Board under the Share Award Scheme A shall not exceed 10% of the issued share capital of the Company on the day on which the Share Award Scheme A was adopted (i.e. March 8, 2023), such 10% limit representing 82,776,993 Shares, being approximately 10% of the total number of Shares in issue as of the date of this annual report.

(d) Maximum entitlement of each participant

The maximum number of Shares which may be awarded (excluding any award lapsed in accordance with the terms of the Share Award Scheme A) to a participant under the Share Award Scheme A shall not exceed 1% of the issued share capital.

(e) Administration and operation of the Share Award Scheme A

The Share Award Scheme A shall be subject to the administration of the Board and the trustee in accordance with the rules of the Share Award Scheme A and the trust deed between the Company and the trustee in relation to the Share Award Scheme A.

Upon the establishment of a trust in accordance with the trust deed, the Board may from time to time cause to be paid money to the trust for the purchase of Shares and the Board may from time to time instruct the trustee in writing to purchase Shares on the Stock Exchange.

(f) Time of acceptance

An award may be accepted by a selected participant within 5 Business Days from the date of the offer of grant of the award.

(g) Consideration for the award

A consideration, if any, as determined at the sole and absolute discretion of the Board, is payable upon acceptance of the award.

(h) Vesting

The Board is entitled to impose any conditions (including but not limited to limitation and such performance target as the Board may determine from time to time), as it deems appropriate in its sole and absolute discretion with respect to the vesting of the award to the participant, and shall inform the trustee and such participant the relevant conditions of the award. Notwithstanding any other provisions of the Share Award Scheme A, subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions.

(i) Voting rights

A selected participant shall have no voting rights in the awarded Shares under an award prior to the vesting date. The trustee shall abstain from exercising the voting rights in respect of any Shares held directly or indirectly by it under the trust (if any).

(j) Period and remaining life of the Share Award Scheme A

The Share Award Scheme A will remain in force for a period of 10 years commencing on the date on which the Share Award Scheme A is adopted. The remaining life of the Share Award Scheme A shall be approximately 8 years.

4. Share Award Scheme B

We have adopted the Share Award Scheme B on May 16, 2023. The principal terms of the Share Award Scheme B are set out as follows. The awarded shares will be satisfied by existing Shares to be purchased by trustee on the market as instructed from the Board from time to time. The total number of Shares available for grant under the Share Award Scheme B at the beginning and the end of the Reporting Period was 82,776,993 Shares and 82,276,993 Shares, respectively.

(a) Purpose

The purpose of the Share Award Scheme B is to recognize the contributions by eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

(b) Who may join

Eligible participants include: (i) any employee(s) of any member of our Group; (ii) any director(s) and employee(s) of the holding companies, fellow subsidiaries or associated companies of the Company; and (iii) any Service Providers, who are core connected persons of the Company as defined in the Listing Rules.

For the avoidance of doubt, Service Providers may not include placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, as well as professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

(c) Maximum number of Shares

The maximum number of Shares which may be awarded by the Board under the Share Award Scheme B shall not exceed 10% of the issued share capital of the Company on the day on which the Share Award Scheme B was adopted (i.e. May 16, 2023), such 10% limit representing 82,776,993 Shares, being approximately 10% of the total number of Shares in issue as of the date of this annual report.

(d) Maximum entitlement of each participant

The maximum number of Shares which may be awarded (excluding any award lapsed in accordance with the terms of the Share Award Scheme B) to a participant under the Share Award Scheme B shall not exceed 1% of the issued share capital.

(e) Administration and operation of the Share Award Scheme B

The Share Award Scheme B shall be subject to the administration of the Board and the trustee in accordance with the rules of the Share Award Scheme B and the trust deed between the Company and the trustee in relation to the Share Award Scheme B.

Upon the establishment of a trust in accordance with the trust deed, the Board may from time to time cause to be paid money to the trust for the purchase of Shares and the Board may from time to time instruct the trustee in writing to purchase Shares on the Stock Exchange.

(f) Time of acceptance

An award may be accepted by a selected participant within 5 Business Days from the date of the offer of grant of the award.

(g) Consideration for the award

A consideration, if any, as determined at the sole and absolute discretion of the Board, is payable upon acceptance of the award.

(h) Vesting

The Board is entitled to impose any conditions (including but not limited to limitation and such performance target as the Board may determine from time to time), as it deems appropriate in its sole and absolute discretion with respect to the vesting of the award to the participant, and shall inform the trustee and such participant the relevant conditions of the award. Notwithstanding any other provisions of the Share Award Scheme B, subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions.

(i) Voting rights

A selected participant shall have no voting rights in the awarded Shares under an award prior to the vesting date. The trustee shall abstain from exercising the voting rights in respect of any Shares held directly or indirectly by it under the trust (if any).

(j) Period and remaining life of the Share Award Scheme B

The Share Award Scheme B will remain in force for a period of 10 years commencing on the date on which the Share Award Scheme B is adopted. The remaining life of the Share Award Scheme B shall be approximately 8 years.

The table below shows details of the movements in the number of share options and awards granted under the Share Incentive Schemes during the Reporting Period. Please also refer to Note 27 of the consolidated financial statements for the fair value of options on the date of grant and the accounting standard and policy adopted.

Name or category of grantees		Outstanding as of January 1, 2024	Date of grant	Granted	Lapsed	Outstanding as of December 31, 2024
Pre-IPO Share Option Scheme	Note 1					
Directors						
Wing Shing CHEN	Note 2	400,000	January 1, 2021	–	–	400,000
Ching Chung John CHOW *(Resignation effective from March 8, 2025)*	Note 2	200,000	January 1, 2021	–	–	200,000
Sub-total		**600,000**		**–**	**–**	**600,000**
Other employees						
	Note 2	2,880,000	January 1, 2021	–	440,000	2,440,000
	Note 3	5,368,000	January 1, 2021	–	344,000	5,024,000
	Note 4	48,500	January 1, 2021	–	–	48,500
Sub-total		**8,296,500**		**–**	**784,000**	**7,512,500**
Pre-IPO Share Option Scheme – total		**8,896,500**		**–**	**784,000**	**8,112,500**
Post-IPO Share Option Scheme	Note 5					
Employees	Note 6	5,952,000	July 10, 2023	–	887,500	5,064,500
Share Option Schemes – total	Note 7	**14,848,500**		**–**	**1,671,500**	**13,177,000**
Share Award Scheme A	Note 8					
Employees	Note 9	–	April 1, 2024	1,550,000	–	1,550,000
	Note 10	–	September 2, 2024	950,000	–	950,000
	Note 11	–	September 2, 2024	250,000	–	250,000
Sub-total		**–**		**2,750,000**	**–**	**2,750,000**
Share Award Scheme B	Note 12					
Employees	Note 13	–	April 1, 2024	135,000	–	135,000
	Note 14	–	April 1, 2024	365,000	–	365,000
Sub-total		**–**		**500,000**	**–**	**500,000**
Share Award Schemes – total		**–**		**3,250,000**	**–**	**3,250,000**

Notes:

(1) There were no share options exercised and cancelled during the Reporting Period.

(2) With vesting commencement date on January 1, 2022 and a 48-month vesting period. Options are exercisable upon completion of the Global Offering (as defined in the Prospectus) until January 1, 2031, being the 10th anniversary of the date of the grant letter, at an exercise price of HK$5.85.

(3) With vesting commencement date on January 1, 2022 and a 48-month vesting period. Options are exercisable upon completion of the Global Offering (as defined in the Prospectus) until January 1, 2031, being the 10th anniversary of the date of the grant letter, at an exercise price of HK$7.8.

(4) Options with exercise price of HK$3.9 with no vesting period. Options are exercisable upon completion of the Global Offering (as defined in the Prospectus) until January 1, 2031, being the 10th anniversary of the date of the grant letter.

(5) There were no share options exercised and cancelled during the Reporting Period.

(6) Options with exercise price of HK$9.0 with a vesting period in four tranches: 25% of which shall be vested on the first, second, third and fourth anniversary of the date of grant, respectively. The exercise period shall be 10 years from the date of grant and the options granted shall lapse at the expiry of 10 years from the date of grant. There is no performance target attached to the options granted. The closing price of the Shares on the business day immediately before the date of grant was HK$8.7 per Share.

(7) The number of Shares that may be issued in respect of options granted under all share option schemes during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue for the period was 1.6%.

(8) There were no awards vested or cancelled during the Reporting Period.

(9) With no purchase price and shall be vested in three tranches: 30% of which shall be vested on the third and fourth anniversary and 40% of which shall be vested on fifth anniversary of the date of grant, respectively. There is no performance target attached to the awards granted. The closing price of the Shares on the business day immediately before the date of grant was HK$3.22 per Share. The fair value of the awards on the date of grant was HK$3.22 per Share.

(10) With no purchase price and shall be vested in three tranches: 30% of which shall be vested on the third and fourth anniversary and 40% of which shall be vested on fifth anniversary of the date of grant, respectively. There is no performance target attached to the awards granted. The closing price of the Shares on the business day immediately before the date of grant was HK$3.28 per Share. The fair value of the awards on the date of grant was HK$3.28 per Share.

(11) With no purchase price and shall be vested in one tranche: 100% of which shall be vested on the third anniversary of the date of grant. There is no performance target attached to the awards granted. The closing price of the Shares on the business day immediately before the date of grant was HK$3.28 per Share. The fair value of the awards on the date of grant was HK$3.28 per Share.

(12) There were no awards cancelled during the Reporting Period.

(13) With no purchase price and shall be vested in three tranches: approximately 33.3% of which shall be vested on December 28, 2024, December 28, 2025 and December 28, 2026, respectively. There is no performance target attached to the awards granted. The closing price of the Shares on the business day immediately before the date of grant was HK$3.22 per Share. The fair value of the awards on the date of grant was HK$3.22 per Share. 45,000 awards were vested during the Reporting Period and the weighted average closing price of the Shares immediately before the dates on which the awards were vested was HK$4.08 per Share.

(14) With no purchase price and shall be vested in three tranches: 30% of which shall be vested on the third and fourth anniversary and 40% of which shall be vested on fifth anniversary of the date of grant, respectively. There is no performance target attached to the awards granted. The closing price of the Shares on the business day immediately before the date of grant was HK$3.22 per Share. The fair value of the awards on the date of grant was HK$3.22 per Share.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2024 are set out in Note 26 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and Notes 28 and 37, respectively, to the consolidated financial statements in this annual report.

Details of the Company's reserves available for distribution to the Shareholders as of December 31, 2024 are set out in Note 37 to the consolidated financial statements in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2024 are set out in Note 14 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

As of December 31, 2024, the Group had no bank loans.

GEARING RATIO

Gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as bank loans and other borrowings less cash and bank balances. As of December 31, 2024, the Group has a net cash position, as there were no outstanding bank loans and other borrowings. Gearing ratio of the Group was approximately 0.01 times as of December 31, 2023.

DIVIDEND POLICY

The Company adopted the dividend policy in relation to the declaration, payment or distribution of its profits as dividends to the Shareholders with effect from March 8, 2023. The payment of dividend is subject to compliance with applicable laws and regulations including the laws of Hong Kong and the Articles of Association. In addition, the declaration and payment of dividends may be limited by legal restrictions or financial instruments that the Group may enter into in the future.

The dividend policy sets out the factors in consideration, limitations, declaration and intervals of the payment of dividends. In recommending or declaring dividends, the Company shall take into account the following factors: (i) the Group's actual and expected financial performance; (ii) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans; (iii) profits available for distribution, retained earnings and distributable reserves of the Company and each of the members of the Group; (iv) the Group's liquidity position; (v) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and (vi) any other factors that the Board deems appropriate and relevant. The declaration, payment and amount of final dividends shall be subject to the Board's discretion and the Shareholders' approval. The Board may also declare and pay interim dividends from time to time as appear to the Board to be justified by the profits of the Company. The Board shall review the dividend policy as appropriate from time to time.

The Company was not aware of any shareholders who had waived or agreed to waive any dividend arrangement for the year ended December 31, 2024.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend out of Company's share premium account ("**2024 Final Dividend**") of HK10 cents (approximately US1.28 cents) per ordinary share for the year ended December 31, 2024 (2023: HK10 cents) to the Shareholders whose names appear on the register of members of the Company on June 4, 2025. The final dividend, if approved by the Shareholders at the AGM to be held on May 27, 2025, will be payable on or around June 16, 2025.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND SIMILAR RIGHTS

Save as disclosed in the section headed "Share Incentive Schemes" in this annual report, the Company had no outstanding convertible securities, options, warrants and similar rights during the year ended December 31, 2024 and there was no issue or grant of any convertible securities, options, warrants and similar rights during the year.

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

During the year ended December 31, 2024, 3,210,000 shares were acquired by the trustee of the share award schemes through purchase from the open market according to the instructions of the board of directors, at a total cost of approximately US$1,781,000.

Save as disclose above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save for the Share Incentive Schemes as disclosed in the section headed "Share Incentive Schemes" in this annual report, at no time during the year ended December 31, 2024 and up to the date of this annual report, was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

EQUITY-LINKED AGREEMENTS

Save for the Share Incentive Schemes as disclosed in the section headed "Share Incentive Schemes" in this annual report, no equity-linked agreements were entered into by the Company during the year ended December 31, 2024, or subsisted at the end of December 31, 2024.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and there is no restriction against such rights which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

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

DONATION

During the year ended December 31, 2024, the Group made donations of approximately US$147,000.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as of the latest practicable date prior to the issue of this annual report.

CORPORATE GOVERNANCE

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, the Company was in compliance with the relevant laws and regulations that have a significant impact on the Company.

MATERIAL LEGAL PROCEEDINGS

For the year ended December 31, 2024, to the best knowledge of the Directors, there was no actual or pending legal, arbitration or administrative proceedings that would have a material adverse effect on our business, results of operations, financial condition or reputation, and compliance with applicable laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") MATTERS

The Group actively takes into account and incorporates sustainable development in its daily business operation decisions. It has adopted a proactive approach to ESG responsibility. Our Group upholds the core value of "Integrity, Passion, Innovation and Performance", and is also aware of the increasing concern on environment related issues, such as carbon emission amid the decarbonization initiatives worldwide. The Group has implemented the ESG Management Policy and established a ESG Working Group chaired by an Executive Director, Mr. Wing Shing CHEN, to assist the Board in fulfilling its responsibilities relating to promotion, development and implementation of ESG initiatives, policies, plans, goals and targets of the Group in accordance with all applicable laws, regulations and rules. The ESG Working Group will engage stakeholders and develop a more company-specific materiality matrix.

The Board, as supported by the ESG Working Group, has reviewed and is satisfied with the Company's ESG performance and reporting, including environmental compliance, environmental policies and performance, employment practices, product quality, corporate governance, and business conduct. For further details, please refer to the ESG Report published by the Company.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in this annual report, there is no other important event affecting the Group since December 31, 2024 and up to the date of this annual report.

AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended December 31, 2024 and discussed internal control and financial reporting matters of the Group with the management and independent auditors.

The Audit Committee considered that the consolidated financial statements for the year ended December 31, 2024 is in compliance with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. Accordingly, the Audit Committee recommends the Board to approve the audited consolidated financial statements of the Group for the year ended December 31, 2024.

AUDITOR

PricewaterhouseCoopers, which has audited the consolidated financial statements of the Company for the year ended December 31, 2024, will retire as the auditor of the Company at the AGM, and being eligible, offer itself for re-appointment. A resolution will be proposed at the AGM to re-appoint PricewaterhouseCoopers as the auditor of the Company.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The AGM will be held on May 27, 2025. The notice of AGM and all other relevant documents will be published and despatched to the Shareholders in April 2025.

The register of members of the Company will be closed for the following periods:

(a) For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, May 22, 2025 to Tuesday, May 27, 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's 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 registration not later than 4: 30 p.m. on Wednesday, May 21, 2025 (Hong Kong Time), being the last registration date.

(b) For the purpose of determining Shareholders who qualify for the final dividend, the register of members of the Company will be closed from Monday, June 2, 2025 to Wednesday, June 4, 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's 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 registration not later than 4: 30 p.m. on Friday, May 30, 2025 (Hong Kong Time), being the last registration date.

On behalf of the Board

Mr. David CHIEN
Chairman, Executive Director and Chief Executive Officer
Hong Kong, March 7, 2025

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended December 31, 2024.

The Company strives to maintain high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability. The Board believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value. The Company adopts the principles set out in the Corporate Governance Code and embedding best governance practices throughout the organization.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICES

The Company strives to maintain high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability.

During the Reporting Period, the Company had complied with all the applicable code provisions of the Corporate Governance Code, except as expressly described below.

Pursuant to Code Provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. David CHIEN has been the Chairman and Chief Executive Officer of the Company. With extensive experience in the medical devices industry and having served in the Company since its establishment, Mr. David CHIEN has been in charge of overall strategic planning and policy execution of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board and the senior management which comprises experienced and diverse individuals. The Board currently comprises three Executive Directors, two Non-executive Directors and three Independent Non-executive Directors, and therefore has a strong independent element in its composition.

Pursuant to Code Provision C.5.1 of the Corporate Governance Code, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the Reporting Period, only two regular board meetings were held to review and discuss the annual and interim results and operating performance, and to consider and approve the overall strategies and policies of the Company. Since the Company does not announce its quarterly results, the Board does not consider the holding of quarterly meetings necessary. However, the management has regularly updated the Board for the Group's business development with performance review through electronic means of communication and the Board also meets on other occasions when a Board-level decision on a particular matter is required. All the Board members are encouraged to express their opinions on the Company's matters, and there is a chat group where the Board members can discuss particular issues if they wish. The Board was consulted for every crucial decision and the written resolutions were also circulated to all the Directors to obtain the Board's consents. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Corporate Governance Code.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the Corporate Governance Code.

THE BOARD

Roles and Responsibilities

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

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 its shareholders at all times. The Board should regularly review the contribution required of a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time in performing them.

Board Composition

The Board structure is governed by the Articles of Association. All Directors, including the Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Board of the Company comprises the following Directors as of December 31, 2024:

Executive Directors

Mr. David CHIEN *(Chairman and Chief Executive Officer)*
Ms. Kwai Ching Denise LAU
Mr. Wing Shing CHEN

Non-executive Directors

Mr. Ching Chung John CHOW *(Resignation effective from March 8, 2025)*
Mr. Ting San Peter Lionel LEUNG
Dr. Yi ZHOU

Independent Non-executive Directors

Mr. Yip Keung CHAN
Mr. Ka Keung LAU *BBS, MH, JP*
Dr. Lai Fan Gloria TAM

Biographies of the Directors and senior management of the Group are set out in the section headed “Directors and Senior Management” in this annual report.

Except for Mr. David CHIEN is the spouse of Ms. Kwai Ching Denise LAU, the Directors do not have financial, business, family or other material/relevant relationships with one another.

During the Reporting Period to the date of this annual report, the Board has met the requirements of the Listing Rules that the number of Independent Non-executive Directors must represent at least one-third of the Board members, and that at least one of the Independent Non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each Independent Non-executive Director of his/her independence pursuant to the Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent during the Reporting Period to the date of this annual report.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The procedures and process of appointment, re-election and removal of the Directors are laid down in the Articles of Association. The primary functions of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of Independent Non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

Each of the Executive Directors has entered into a service contract with our Company and the Group has issued letters of appointment to the Non-executive Directors and each of the Independent Non-executive Directors. The principal particulars of these service contracts and letters of appointment are (i) for a term from 1 year (for Dr. Yi ZHOU, as a Non-executive Director) to 3 years (for the remaining Non-executive Directors and Independent Non-executive Directors); and (ii) are subject to termination in accordance with their respective terms. The term of the service contracts and the letters of appointment may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

In accordance with the Articles of Association, all of the Directors are subject to retirement by rotation at least once every three years and the Board has power from time to time and at any time to appoint any new Director to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

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

Based on the information provided by the Directors, during the Reporting Period, all Directors had participated in continuous professional development in the following manner in compliance with code provision C.1.4 of the Corporate Governance Code:

Name of Director	Type of Training[1]
Mr. David CHIEN *(Chairman and Chief Executive Officer)*	A
Ms. Kwai Ching Denise LAU	A
Mr. Wing Shing CHEN	A
Mr. Ching Chung John CHOW *(Resignation effective from March 8, 2025)*	A
Mr. Ting San Peter Lionel LEUNG	A
Dr. Yi ZHOU	A
Mr. Yip Keung CHAN	A
Mr. Ka Keung LAU *BBS, MH, JP*	A
Dr. Lai Fan Gloria TAM	A

Note:

A: attending trainings and/or seminars and/or conferences and/or forums and/or briefings.

BOARD MEETINGS, GENERAL MEETING AND DIRECTORS' ATTENDANCE RECORD

Code provision C.5.1 of the Corporate Governance Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of Directors, either in person or through electronic means of communication.

During the Reporting Period, two Board meetings and two general meetings were held. The Board's attendance in the Board meetings and general meetings are as follows:

	Board Meeting	General Meeting
Executive Directors		
Mr. David CHIEN	2/2	2/2
Ms. Kwai Ching Denise LAU	2/2	2/2
Mr. Wing Shing CHEN	2/2	2/2
Non-executive Directors		
Mr. Ching Chung John CHOW *(Resignation effective from March 8, 2025)*	2/2	2/2
Mr. Ting San Peter Lionel LEUNG	2/2	2/2
Dr. Yi ZHOU	2/2	2/2
Independent non-executive Directors		
Mr. Yip Keung CHAN	2/2	1/2
Mr. Ka Keung LAU *BBS, MH, JP*	2/2	2/2
Dr. Lai Fan Gloria TAM	2/2	2/2

BOARD PRACTICES AND CONDUCT OF MEETINGS

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, a reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to enable them to make informed decisions.

The Board has reviewed and is satisfied with the implementation and effectiveness of the mechanism to ensure independent views and input are available to the Board. All Directors have full and timely access to all relevant information and the advice/services of the company secretary, with a view to ensure that Board procedures and all applicable laws and regulations are properly followed. The Board and each Director also have separate and independent access to the senior management where necessary. Each Director can seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The relevant members of the senior management team attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company. The company secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and final versions are open for Directors' inspection.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their close associates is materially interested, subject to the exceptions therein.

CORPORATE GOVERNANCE FUNCTIONS

The Board confirmed that corporate governance is a collective responsibility of the Directors, whose corporate governance functions include: (a) review and monitor the Company's policies and practices in complying with legal and regulatory requirements; (b) review and monitor the training and continuous professional development of the Directors and senior management; (c) develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; (d) develop and review the Company's corporate governance and practices, make recommendations and report on related issues to the Board; (e) review the Company's compliance with the corporate governance and disclosures in the Corporate Governance Report; and (f) review and monitor the Company's compliance with its whistleblowing policy.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees are established with defined written terms of reference which are available on the websites of the Stock Exchange and the Company. All or the majority of the members of the Audit Committee, the Remuneration Committee, and the Nomination Committee are Independent Non-executive Directors.

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

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of Mr. Yip Keung CHAN, Mr. Ka Keung LAU *BBS, MH, JP* and Dr. Lai Fan Gloria TAM, with Mr. Yip Keung CHAN serving as the chairman. Mr. Yip Keung CHAN holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. All members are Independent Non-executive Directors.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process, and performing other duties and responsibilities as assigned by the Board.

During the Reporting Period, two meetings were held by the Audit Committee, including meetings to review the consolidated financial statements for the year ended December 31, 2023 and interim condensed consolidated financial information for the six months ended June 30, 2024 and recommended the same to the Board for approval, and discussed internal control matters of the Group with the management, to review the possible improprieties in financial reporting, internal control or matters, proposing the engagement or change of external auditor and supervising their performance. The attendance records of individual committee members are as follows:

	Number of meeting attended/held
Mr. Yip Keung CHAN *(Chairman)*	2/2
Mr. Ka Keung LAU *BBS, MH, JP*	2/2
Dr. Lai Fan Gloria TAM	2/2

The Board, as supported by the Audit Committee, as well as the report from management, reviewed the effectiveness of the risk management and internal control systems of the Group, including the financial, operational and compliance controls, and considered that such systems are effective and adequate. The review also covered the adequacy of resources, staff qualifications and experience, training programs and budget of the issuer's accounting and financial reporting functions.

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of two Independent Non-executive Directors and one Executive Director, namely, Mr. Ka Keung LAU *BBS, MH, JP*, Mr. Yip Keung CHAN and Mr. David CHIEN, with Mr. Ka Keung LAU *BBS, MH, JP* serving as the chairman.

The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Reporting Period, one meeting was held by the Remuneration Committee, including meeting to review the remuneration packages of the Directors and senior management of the Company. In consideration of the Directors' remuneration, no director is involved in deciding his/her own remuneration. During the Reporting Period, the Remuneration Committee reviewed and approved the amendments to the Post-IPO Share Option Scheme. There are no other material matters relating to the Share Incentive Schemes which were required to be reviewed and/or approved by the Remuneration Committee during the Reporting Period. The attendance records of individual committee members are as follows:

	Number of meeting attended/held
Mr. Ka Keung LAU *BBS, MH, JP (Chairman)*	1/1
Mr. Yip Keung CHAN	1/1
Mr. David CHIEN	1/1

Details of the remuneration of the senior management (other than Directors) by band for the year ended December 31, 2024 is as follows:

	Number of employees
HK$2,500,001 to HK$3,000,000 (equivalent to approximately US$321,000—US$385,000)	1
HK$5,500,001 to HK$6,000,000 (equivalent to approximately US$705,000—US$769,000)	1

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of two Independent Non-executive Directors and one Executive Director, namely, Mr. Ka Keung LAU *BBS, MH, JP*, Dr. Lai Fan Gloria TAM and Mr. David CHIEN, with Mr. David CHIEN serving as the chairman.

The primary duties of the Nomination Committee are to (i) review the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) develop the criteria, process and procedures for identifying and assessing the qualifications of and evaluating candidates for directorship; (iii) identify individuals suitably qualified to become Board members and to select or make recommendations to the Board on the selection of individuals nominated for directorships; (iv) assess the independence of independent non-executive directors of the Company on an annual basis; (v) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors; (vi) develop a policy concerning diversity of Board members; and (vii) evaluate the balance of skills, knowledge and experience on the Board.

During the Reporting Period, one meeting was held by the Nomination Committee, including meeting to review the structure, size and composition (including the skills, knowledge and experience) of the Board, assess the independence of the Independent Non-executive Directors and make recommendation to the Board on the appointment of Director, redesignation of Director and the re-election of retiring Directors at the AGM. The attendance records of individual committee members are as follows:

	Number of meeting attended/held
Mr. David CHIEN *(Chairman)*	1/1
Mr. Ka Keung LAU *BBS, MH, JP*	1/1
Dr. Lai Fan Gloria TAM	1/1

Director Nomination Policy

The Company has adopted a director nomination policy (the "**Director Nomination Policy**") in accordance with the Corporate Governance Code. The Director Nomination Policy sets out the selection criteria and procedure, and the review of such policy in relation to nomination, appointment and election of Directors. The Director Nomination Policy aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee shall identify, consider and recommend to the Board appropriate candidates to serve as Directors and to make recommendations to the Shareholders. The Director Nomination Policy sets out the non-exhaustive factors in making nomination, including but not limited to:

- **Qualifications**: skills, knowledge and experience of the candidate in relation to the operations and corporate strategies of the Group;

- **Diversity**: due regard to (i) the diversity perspectives set out in the Board Diversity Policy and, (ii) any numerical targets and timelines as required under the Listing Rules, and (iii) the balance of skills and experience in board composition, in addition to the candidate's merit and the objective criteria applied against the candidate;

- **Commitment**: devotion of sufficient time to attend board meeting and to participate in induction trainings and other board associated activities;

- **Character**: character, experience and integrity, and the ability to demonstrate a standard of competence commensurate with the relevant position as a director of the Company; and

- **Independence**: satisfaction of the independence criteria set out in Rule 3.13 of the Listing Rules if the candidate is to be nominated as an independent non-executive director.

The Board also takes into consideration the benefits of a diversified Board when it selects candidates for the Board.

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- the Nomination Committee will take appropriate measures to identify and evaluate a candidate if it determines that an additional director or replacement director is required;
- the Nomination Committee may propose a candidate that is recommended or offered for nomination by a Shareholder as a nominee for election to the Board; and
- the Nomination Committee may provide the Board with the candidate's personal profile for its consideration when making recommendation.

The Director Nomination Policy also sets out the procedures for the selection and appointment of Directors to fill a casual vacancy(ies) and new Directors, and re-election of Directors at general meetings.

The Nomination Committee will review the Director Nomination Policy as appropriate from time to time, to ensure its effectiveness.

DIVERSITY

Board Diversity

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of the Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director of the Company, the Nomination Committee will consider a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service.

During the Reporting Period, the Company has achieved the following measurable objectives:

(1) at least one-third of the Board are holders of a Bachelor's degree or above;

(2) at least one Director is a qualified accountant;

(3) at least one Director is a physician;

(4) at least one Director has legal and/or compliance background;

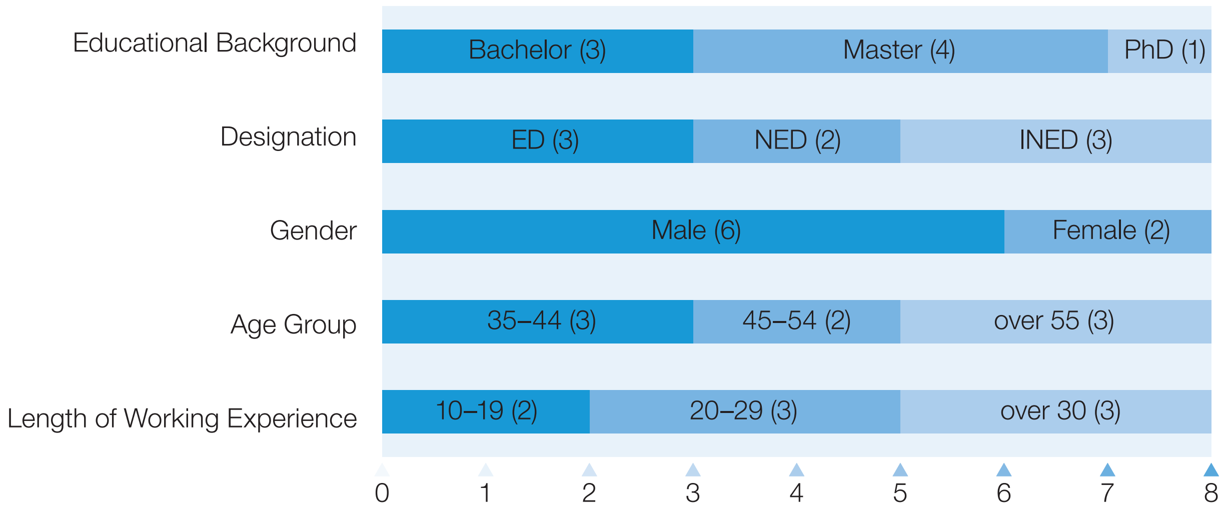
(5) at least one Director has relevant experience in medical device industry; and

(6) at least one Director has relevant experience in finance.

Therefore, the Board is of the view that our Board satisfies the Board Diversity Policy. Board appointments will continue to be made on merit and candidates will be considered against objective criteria with due regard to the benefits of diversity of the Board. The Board believes that such merit-based appointments will best enable the Company to serve its shareholders and other stakeholders going forward. The Board will give adequate consideration to the Board Diversity Policy when it identifies suitably qualified candidates to become members of the Board.

The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee will continue to monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness. The Board, as supported by the Nomination Committee, reviewed the implementation and effectiveness of the Board Diversity Policy.

As of the date of this annual report, the Board's composition under diversified perspectives was summarized as follows:



Workforce Diversity

As of December 31, 2024, we employed 1,331 employees and the gender ratio of male and female in the workforce (including senior management) is 4:6, which demonstrated a well gender balance in our workforce. The Group expects to maintain a balanced gender ratio of male and female in the workforce in the coming year, and will not emphasis in employing personnel of a particular gender. Gender is neutral in our recruitment consideration as no position of any kind in our Group requires any capability or skill that is regarded as performed better by one gender than another.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

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

The Board is responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the senior management the management accounts and such accompanying explanation and information as are necessary to enable the Board to make an informed assessment for approving the financial statements.

RISK MANAGEMENT

We are exposed to various risks, including operational risks and financial risks, for our operations, so risk management is important for our business. We have designed and adopted a consolidated set of risk management policies in compliance with Rule 3.21 of the Listing Rules, and the Corporate Governance Code which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. The Audit Committee, and ultimately the Board supervises the implementation of our risk management policies. Risks identified by senior management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by the Company and reported to the Board.

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

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

With respect to urgent matters which arise between scheduled Board meetings, the company secretary may also seek Board approval via telephone conference call or written Board consent. Before each Board meeting, an agenda is prepared with input from Directors, as well as from senior management and other vice presidents. At Board meetings, depending on the agenda, different team heads will gather information relating to their functions and report to the Board on the relevant agenda items, as necessary. The company secretary attends all Board meetings to ensure that there is no gap in communication between the two bodies. During Board meetings, the Board will on occasion further review and/or analyze particular issue and report their findings at the next Board meeting. Our Board believe that our corporate structure provides an appropriate system of checks and balances to improve our risk management procedures.

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

INTERNAL CONTROL AND INTERNAL AUDIT

We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Details on risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. To monitor the ongoing implementation of our risk management policies and corporate governance measures, we have adopted, among other things, the following risk management and internal control measures:

- the establishment of the Audit Committee responsible for overseeing our financial records, internal control procedures and risk management systems;

- the appointment of Mr. Wing Shing CHEN as our company secretary to ensure the ongoing compliance of our operation with relevant laws and regulations; and

- the engagement of external legal advisors to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary.

The effectiveness of the risk management and internal control systems is under review annually. The following internal control and risk management measures have been implemented to address sanctions risks of our Group:

- to further enhance our existing internal risk management functions, the Company has established a risk management committee which will oversee its risk management and internal control system, including sanctions risk exposure;

- we have put in place an enhanced sanctions policy and control system which provides for processes and control measures to identify and manage potential sanctions risk taking a risk-based approach tailored to the specific nature, size, and risk of the Group's business operations. These include the following:

  - o checking the Group counterparties, including distributors, suppliers and customers against relevant sanctions lists;

  - o obtaining ultimate beneficial owner information or negative confirmation from the Group counterparties that no sanctioned person is a material owner such that the entity could be 50% owned or controlled by the sanctioned person;

  - o including standard terms of sale in the Group distributor agreements which prohibit resale to persons or entities on relevant sanctions lists;

  - o incorporating into internal sanction screening process third-party due diligence procedures that include sanction, watch list, Specially Designated Nationals and Blocked Persons (SDN) list and politically exposed persons (PEP) checks during due diligence and through ongoing risk monitoring;

- we regularly review sanctions developments relating to countries subject to international sanctions in which the Group conducts business;

- our risk management committee will, with the assistance of our legal department, periodically review our internal control policies and procedures with respect to sanctions matters taking a risk-based approach. As and when necessary, we will retain reputable external international legal counsel with necessary expertise in international sanctions matters for recommendations and advice;

- the chief compliance officer is designated as an OFAC compliance officer who shall work with the general counsel and external legal counsel to manage any sanction risk and the chief compliance officer is responsible to promote necessary internal changes in processes and report to the Board and/or senior management to ensure compliance;

- we maintain an up-to-date program that evolves with the entire sanction environment, from OFAC sanctions to those implemented by the United States, and all employees are required to attend training periodically to understand sanctions compliance obligations, as well as how to recognize and address sanctions compliance; and

- we conduct periodic audits and reviews of our sanction screening policies, procedures, and training to ensure the Group's processes keep pace with change.

The internal control measures adopted are consistent with guidance published by OFAC regarding sanctions compliance programs, and these measures appear adequate and effective for our Group based on our products and risk assessment, to comply with applicable international sanctions laws and address sanctions risks.

Finally, we have adopted, various internal regulations against corrupt and fraudulent activities, which include measures against receiving bribes and kickbacks, and misuse of company assets. Major measures and procedures to implement such regulations include:

- authorizing our risk management committee to assume responsibility for oversight of our anti-corruption and anti-fraud measures, including handling complaints, ensuring protection for the whistle-blower and conducting internal investigations;

- providing anti-corruption compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and including relevant policies and express prohibitions against non-compliance in staff handbooks; and

- undertaking rectification measures with respect to any identified corrupt or fraudulent activities, evaluating the identified corrupt or fraudulent activities and proposing and establishing preventative measures to avoid future non-compliance.

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

The Company does not have an internal audit department and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The need for an internal audit department will be reviewed from time to time.

To maintain a high standard of corporate governance of the Group, the Company engaged an external professional firm (the "**Adviser**") to perform certain assessment procedures for the Group's enterprise risk assessment mechanism primarily to assist the Board and the management to assess the adequacy and effectiveness of the Group's enterprise risk management mechanism for the year ended December 31, 2024. The Adviser has reported to the Audit Committee and management the findings and areas for improvement, if any, which the same were then reported to the Board. The Board and Audit Committee are of the view that there were no material defects noted.

The Board, as supported by the Audit Committee, as well as the report from management, reviewed the effectiveness of the risk management and internal control systems of the Group, including the financial, operational and compliance controls, and considered that such systems are effective and adequate. The annual review also covered the adequacy of resources, staff qualifications and experience, training programs and budget of the issuer's accounting and financial reporting functions. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In order to enhance the Company's system of handling and disseminating inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Company also adopts and implements the Inside Information Policy which sets out the guidelines and procedures in handling and disseminating inside information in a timely manner. Certain reasonable measures have been taken to ensure that potential inside information being captured and confidentiality of such information being maintained in order to prevent a breach of a disclosure requirement in relation to the Company.

WHISTLEBLOWING POLICY

We have implemented a whistleblower system and data integrity detection and training. We also set up a whistle-blowing channel to encourage all employees, directors and executive officers to report any suspected violations promptly and intends to thoroughly investigate any good faith reports of violations. We have adopted a more detailed and comprehensive whistle-blowing policy, which aligns the whistleblowing mechanism with our corporate governance structure such that all whistleblowing reports will be directed to the risk management committee and the chairman of the Audit Committee.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Policy regarding Dealing in the Securities of a Listed Company by Directors, Managers and Employees" (the "**Policy**") which incorporates the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the relevant employees. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Policy (and the Model Code) during the year ended December 31, 2024.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid/payable to the external auditor of the Company in respect of audit services and non-audit services for the year ended December 31, 2024 is set out below:

Service Category	**Fees Paid/ Payable** (US$'000)
Audit Services — audit fee	377
Non-audit Services(Note)	168
Total	**545**

Note: Non-audit services mainly represented internal transfer pricing compliance services and other tax compliance services.

COMPANY SECRETARY

Mr. Wing Shing CHEN is the Company Secretary of the Company and has met the qualification requirements of a company secretary under Rule 3.28 of the Listing Rules. For the biography of Mr. Wing Shing CHEN, please refer to the section headed "Directors and Senior Management — Directors" in this annual report.

For the year ended December 31, 2024, Mr. Chen had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

The Company has adopted a shareholders communication policy on November 29, 2022 (the "**Shareholders Communication Policy**") to ensure that Shareholders' views and concerns are appropriately addressed, which will be reviewed on a regular basis to ensure its effectiveness. The Shareholders Communication Policy is available on the Company's website for public access. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and considered that the policy has been effective during the Reporting Period and up to the date of this annual report after taking into consideration factors such as the timeliness of information disclosure, number of information and meeting requests received and responsiveness to enquiries from the Shareholders and investment community.

The general meetings of the Company provide a forum and an important channel for communication between the Board and Shareholders. The chairman of the Board as well as chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee, and or, in their absence, other members of the respective committees are available to answer questions at the general meetings. The chairman of a meeting will provide the detailed procedures for conducting a poll and answer any questions from the Shareholders on voting by poll.

To promote effective communication, the Company maintains a website at https://orbusneich.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

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

Putting Forward Enquiries to the Board

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

Convening an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association, an extraordinary general meeting shall be convened upon any one or more member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition.

Putting Forward Proposals at General Meeting

There is no single provision in the Articles of Association or the Cayman Islands Companies Law for Shareholders to put forward proposals at general meetings. Shareholders who wish to propose a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

Contact Details

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

Address: Units 303 & 305, 3/F, Building 20E, Hong Kong Science Park, Shatin, N.T., Hong Kong (For the attention of the Company Secretary)

Email: pr@orbusneich.com

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

CONSTITUTIONAL DOCUMENTS

On February 29, 2024, the Board proposed to amend the Articles of Association for the purpose of, among others, updating and bringing the Articles of Association in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from December 31, 2023, as well as other housekeeping changes. The second amended and restated articles of association in substitution for the Articles of Association was adopted by way of a special resolution of the Shareholders at the AGM held on June 6, 2024.

Save as disclosed above, during the Reporting Period and up to the date of this annual report, no change has been made to the Articles of Association. The latest version of the Articles of Association is available on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (https://orbusneich.com).

On behalf of the Board

Mr. David CHIEN
Chairman, Executive Director and Chief Executive Officer
Hong Kong, March 7, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of OrbusNeich Medical Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of OrbusNeich Medical Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 62 to 150, comprise:

- the consolidated balance sheet as at December 31, 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

The key audit matter identified in our audit is related to impairment assessment of goodwill of PT Revass Utama Medika ("PT Revass").

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill of PT Revass	
Refer to Note 4(d), 20 and 38.6 to the consolidated financial statements. The carrying value of goodwill in relation to the acquisition of PT Revass as at December 31, 2024 was US$6,311,000. Management performed an assessment on impairment of goodwill as at December 31, 2024 and determined the recoverable amount of PT Revass based on value-in-use calculation. This calculation used post-tax cash flow projections covering a five-year period. Cash flows beyond the five-year period were extrapolated using an estimated long-term growth rate. Based on the results of the assessment, management concluded that there was no impairment of goodwill of PT Revass as at December 31, 2024. The assessment required the use of significant management's judgments and estimates about future business performance including revenue growth rate, gross margin, profit margin, long-term growth rate and discount rate and accordingly, this was an area of our audit focus.	To address this key audit matter, the following audit procedures have been performed by us: • Understood management's key controls over the impairment assessment, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • Agreed the cash flow projections in the impairment assessment to the approved budget by management and tested the mathematical accuracy of the underlying calculations; • Assessed the appropriateness of the methodology used in value-in-use calculation with the involvement of our internal expert; • Compared the current year actual cash flows with the prior year cash flow forecast to assess the reliability of management's forecast; • Assessed the appropriateness of the key assumptions applied in the cash flow forecast, such as revenue growth rate, gross margin, profit margin and long-term growth rate, by comparing them to historical information and our understanding of latest market information and conditions; • Evaluated the discount rate by assessing the cost of capital of PT Revass and referenced the cost of capital of other comparable companies in the industry; and • Evaluated the sensitivity analysis of the cash flow forecast prepared by management, by considering downside scenarios against reasonable possible changes to the key assumptions. Based on the procedures performed, we found that the judgments and estimates made by management in respect of the goodwill impairment assessment were supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including management discussion and analysis prior to the date of this auditor's report. The remaining other information, including corporate information, chairman's statement, financial highlights, five years' financial summary, directors and senior management, director's report and corporate governance report and the other sections to be included in the annual report, is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Audit Committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion 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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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 Chan Kam Chiu, Raymond.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 7, 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2024

	Note	2024 US$'000	2023 US$'000
Revenue	5	164,097	153,865
Cost of sales	8	(49,630)	(47,367)
Gross profit		114,467	106,498
Other income — net	6	430	2,125
Other (losses)/gains — net	7	(2,591)	589
Selling and distribution expenses	8	(37,414)	(35,931)
General and administrative expenses	8	(25,283)	(18,909)
Research and development expenses	8	(17,045)	(14,379)
Impairment losses on financial assets	24	(352)	(54)
Operating profit		32,212	39,939
Finance income	10	11,921	10,666
Finance costs	10	(219)	(142)
Finance income — net		11,702	10,524
Share of loss of investment in a joint venture	21	(1,507)	(835)
Profit before income tax		42,407	49,628
Income tax expense	11	(2,560)	(4,555)
Profit for the year		39,847	45,073
Attributable to:			
Owners of the Company		39,717	45,073
Non-controlling interests		130	—
		39,847	45,073
Profit attributable to owners of the Company		39,717	45,073
Earnings per share	13	US cents	US cents
Basic		4.81	5.45
Diluted		4.81	5.41

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024

	Note	2024 US$'000	2023 US$'000
Profit for the year		**39,847**	45,073
Other comprehensive (loss)/income:			
Item that will not be subsequently reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	29	**120**	3
Item that may be subsequently reclassified to profit or loss			
Currency translation differences		**(3,878)**	309
Other comprehensive (loss)/income for the year, net of tax		**(3,758)**	312
Total comprehensive income for the year		**36,089**	45,385
Attributable to:			
Owners of the Company		**36,006**	45,385
Non-controlling interests		**83**	—
		36,089	45,385

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at December 31, 2024

	Note	2024 US$'000	2023 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**21,197**	13,011
Right-of-use assets	15	**6,404**	5,455
Deferred income tax assets	17	**5,307**	3,541
Financial asset at fair value through profit or loss	18	**1,300**	1,618
Intangible assets	19	**9,755**	9,560
Goodwill	20	**10,205**	12,959
Interest in a joint venture	21	**13,613**	13,920
Deposits and prepayments	22	**1,772**	2,117
Total non-current assets		**69,553**	62,181
Current assets			
Inventories	23	**56,329**	41,426
Trade receivables	24	**41,679**	37,966
Deposits, prepayments and other receivables	22	**12,180**	11,659
Amounts due from non-controlling interests		**—**	46
Amounts due from a joint venture	35	**1,595**	640
Tax recoverable		**1,084**	447
Cash and bank balances	25	**248,590**	255,779
Total current assets		**361,457**	347,963
Total assets		**431,010**	410,144
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	26	**414**	414
Other reserves	28	**431,652**	446,693
Accumulated losses	28	**(38,757)**	(78,707)
Attributable to the owners of the Company		**393,309**	368,400
Non-controlling interests		**1,068**	1,018
Total equity		**394,377**	369,418

	Note	2024 US$'000	2023 US$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	**2,417**	1,356
Retirement benefit obligations	29	**2,623**	2,779
Deferred income tax liabilities	17	**870**	967
Total non-current liabilities		**5,910**	5,102
Current liabilities			
Trade payables	30	**6,840**	4,815
Accruals and other payables	31	**19,720**	15,704
Financial liability at fair value through profit or loss	20	**—**	4,975
Amount due to a joint venture	35	**58**	194
Current income tax liabilities		**2,321**	3,831
Lease liabilities	15	**1,784**	1,870
Bank borrowing	32	**—**	4,235
Total current liabilities		**30,723**	35,624
Total liabilities		**36,633**	40,726
Total equity and liabilities		**431,010**	410,144

The consolidated financial statements on pages 62 to 150 were approved by the Board of Directors on March 7, 2025 and were signed on its behalf by:

David CHIEN
Director

Wing Shing CHEN
Director

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024

	Share capital US$'000	Other reserves US$'000 (Note 28)	Accumulated losses US$'000 (Note 28)	Sub-total US$'000	Non-controlling interests US$'000	Total US$'000
At January 1, 2024	414	446,693	(78,707)	368,400	1,018	369,418
Profit for the year	–	–	39,717	39,717	130	39,847
Other comprehensive (loss)/income:						
— Remeasurements of post-employment benefit obligations	–	–	120	120	–	120
— Currency translation differences	–	(3,831)	–	(3,831)	(47)	(3,878)
Total other comprehensive (loss)/income, net of tax	–	(3,831)	120	(3,711)	(47)	(3,758)
Total comprehensive (loss)/income	–	(3,831)	39,837	36,006	83	36,089
Transactions with owners:						
— Employee share option schemes: value of employee services	–	1,073	–	1,073	–	1,073
— Forfeiture of share options	–	(119)	119	–	–	–
— Employee share award schemes: value of employee services	–	207	–	207	–	207
— Acquisition of shares by the Trustee of the share award schemes (Note 28(c))	–	(1,781)	–	(1,781)	–	(1,781)
— Dividends paid	–	(10,615)	–	(10,615)	–	(10,615)
— Transfer of statutory reserve	–	6	(6)	–	–	–
— Other movements	–	19	–	19	(33)	(14)
Total transactions with owners	–	(11,210)	113	(11,097)	(33)	(11,130)
At December 31, 2024	414	431,652	(38,757)	393,309	1,068	394,377

	Share capital US$'000	Other reserves US$'000 (Note 28)	Accumulated losses US$'000 (Note 28)	Sub-total US$'000	Non-controlling interests US$'000	Total US$'000
At January 1, 2023	414	445,971	(123,819)	322,566	–	322,566
Profit for the year	–	–	45,073	45,073	–	45,073
Other comprehensive income:						
– Remeasurements of post-employment benefit obligations	–	–	3	3	–	3
– Currency translation differences	–	309	–	309	–	309
Total other comprehensive income, net of tax	–	309	3	312	–	312
Total comprehensive income	–	309	45,076	45,385	–	45,385
Transactions with owners:						
– Employee share option scheme: value of employee services	–	1,080	–	1,080	–	1,080
– Forfeiture of share options	–	(32)	32	–	–	–
– Exercise of share options	–*	184	–	184	–	184
– Acquisition of shares by the Trustee of the share award schemes (Note 28(c))	–	(815)	–	(815)	–	(815)
– Non-controlling interests on acquisition of a subsidiary (Note 34)	–	–	–	–	1,018	1,018
– Transfer from statutory reserve	–	(4)	4	–	–	–
Total transactions with owners	–	413	36	449	1,018	1,467
At December 31, 2023	414	446,693	(78,707)	368,400	1,018	369,418

* The amount is less than US$1,000.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	Note	2024 US$'000	2023 US$'000
Cash flows from operating activities			
Cash generated from operations	33(a)	19,739	26,628
Income tax paid		(6,798)	(3,813)
Income tax refunded		173	217
Net cash inflow from operating activities		13,114	23,032
Cash flows from investing activities			
Purchase of property, plant and equipment		(9,797)	(5,602)
Proceeds from disposals of property, plant and equipment	33(b)	68	490
Purchase of intangible assets		(1,420)	(398)
Additions of right-of-use assets		(54)	(1,479)
Advance to a joint venture		(1,200)	(3,107)
Decrease/(increase) in short-term bank deposits		8,595	(55,027)
Purchase of financial assets at fair value through profit or loss		(276)	(297)
Proceeds from disposals of financial assets at fair value through profit or loss	33(c)	150	20,665
Acquisitions of subsidiaries, net of cash acquired		—	(13,191)
Interest received		12,583	5,631
Net cash inflow/(outflow) from investing activities		8,649	(52,315)
Cash flows from financing activities			
Interest paid		(222)	(137)
Principal elements of lease payments	33(e)	(2,111)	(1,839)
Proceeds from bank borrowing	33(e)	—	4,235
Repayment of bank borrowing	33(e)	(4,235)	—
Payment for listing expenses		—	(744)
Repurchase of shares for share award schemes	27(b)	(1,781)	(815)
Proceeds from exercise of share options		—	184
Dividend payment		(10,615)	—
Net cash (outflow)/inflow from financing activities		(18,964)	884
Net increase/(decrease) in cash and cash equivalents		2,799	(28,399)
Cash and cash equivalents at beginning of year		58,252	86,646
Effects of exchange rate changes on cash and cash equivalents		(1,393)	5
Cash and cash equivalents at end of year	25	59,658	58,252
Analysis of cash and cash equivalents			
Cash and bank balances	25	248,590	255,779
Less: Short-term bank deposits	25	(188,932)	(197,527)
Cash and cash equivalents at end of year		59,658	58,252

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

OrbusNeich Medical Group Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in the Cayman Islands. The address of its registered office is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group"), are principally engaged in the manufacturing, trading, sales and marketing of medical devices/instruments used for the treatment of coronary and peripheral vascular diseases.

The immediate and ultimate holding company is Harmony Tree Limited, a company incorporated in the British Virgin Islands with limited liability. The ultimate controlling shareholders of the Group are Mr. David CHIEN and Ms. Kwai Ching Denise LAU, spouse of Mr. David CHIEN (the "Controlling Shareholders").

The Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong ("HKSE") on December 23, 2022.

These consolidated financial statements are presented in thousands of United States Dollar ("US$'000"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on March 7, 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong). The consolidated financial statements have been prepared under the historical cost basis, except for financial assets and liabilities at fair value through profit or loss or other comprehensive income, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management of the Group to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 Amended standards adopted by the Group

The Group has applied the following standards, amendments and interpretation for the first time for its annual reporting period commencing January 1, 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The amendments listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2.1.2 New and amended standards not yet adopted by the Group

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below:

		Effective for accounting year beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	January 1, 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of Assets between an investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new and amended standards as and when they become effective. Further information about those HKFRSs that are expected to be applicable to the Group is described below.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 New and amended standards not yet adopted by the Group (continued)

HKFRS 18 introduces new requirements for presentation within the consolidated statement of comprehensive income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to HKAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. There are also consequential amendments to several other standards. HKFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. HKFRS 18 will apply retrospectively. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and disclosures of the Group's financial performance. So far, the Group considers that the adoption of HKFRS 18 is unlikely to have a significant impact on the Group's results of operations and financial position.

The directors of the Company have performed preliminary assessment and do not anticipate any significant impact on the Group's financial position and results of operations upon adopting these new and amended standards to existing HKFRS.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar ("HK$"), Renminbi ("RMB"), Japanese Yen ("JPY") and Euro ("EUR"). Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

Management manages its foreign exchange risks by performing regular review and monitoring its foreign exchange exposure. Management has also set up a policy to require group companies to manage their foreign exchange risk against their functional currency.

The table below summarizes the changes in the Group's profit or loss in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date. The analysis has been determined assuming that the general depreciation trend in foreign exchange rates against functional currency in respective countries had occurred at the balance sheet date and that all other variables remain constant.

		As at December 31, 2024		As at December 31, 2023	
Functional currency	Foreign currency	Hypothetical appreciation/ (depreciation) in foreign exchange rate	(Negative)/ positive effect on profit or loss US$'000	Hypothetical appreciation/ (depreciation) in foreign exchange rate	(Negative)/ positive effect on profit or loss US$'000
US$	RMB	+/− 5%	60/(60)	+/− 5%	5/(5)
JPY	US$	+/− 5%	(1,016)/1,016	+/− 5%	(1,030)/1,030
EUR	US$	+/− 5%	(154)/154	+/− 5%	47/(47)

For HK$, since it is pegged to the US$, the directors consider that the Group does not have any material foreign exchange exposure arising from HK$.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from lease liabilities and cash and bank balances.

Lease liabilities and bank borrowing were obtained at fixed rates, therefore, the directors are of the opinion that the interest rate risk exposure is low.

Bank deposits at variable rates expose the Group to cash flow interest rate risk. The Group manages its interest rate risk by performing regular reviews and continually monitoring its interest rate exposures. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The directors are of the opinion that as at December 31, 2024 and 2023, any reasonable changes in interest rates on bank deposits would not result in a significant change in the Group's results. Accordingly, no sensitivity analysis is presented for interest rate risk arising from bank deposits.

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The credit risk of the Group's financial assets, which mainly comprise cash and bank balances, trade receivables, deposits and other receivables, amounts due from non-controlling interests and amount due from a joint venture with a maximum exposure equal to the carrying amounts of these instruments.

Credit risk is managed on a group basis, except for credit risk relating to trade receivable balances which are managed by each local entity. For each trade receivables, each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

(i) Credit risk of cash and bank balances

The credit risk arises from cash at banks balances with banks are monitored closely by management of the Group. The majority of the Group's bank balances are placed in banks and financial institutions which are independently rated with high credit ratings assigned by international credit-rating agencies. Management does not expect any losses from non-performance by these banks and financial institutions as they have no recent history of default.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Credit risk of trade receivables

For external receivables, the Group has policies in place to assess the credit worthiness of customers to ensure that sales of products are made to customers with an appropriate credit history. Besides, management of the Group monitors its credit risk on an ongoing basis by reviewing the debtors' ageing to minimize its exposure to credit risk. As at December 31, 2024, the Group has concentration of credit risk given that the top 5 customers accounted for 17% (2023: 22%) of the total trade receivables. The extent of credit risk relating to the Group's trade receivables is disclosed in Note 24.

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure expected credit losses, the Group categorizes its trade receivables based on customer accounts and shared credit risk characteristics.

All customers of the Group are assessed collectively using a provision matrix. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group also considered the forward-looking information on macroeconomic factors including gross domestic product.

For trade receivables relating to accounts in which there are objective evidence that the debtor faces significant financial difficulties or enter liquidation, they are assessed individually for impairment allowance.

The loss allowance provision for trade receivables from third parties as at December 31, 2024 and 2023 are as follows:

	Current US$'000	Past due by 1 to 90 days US$'000	Past due by 91 to 180 days US$'000	Past due by over 180 days US$'000	Total US$'000
At December 31, 2024					
Gross carrying amount	**35,792**	**4,967**	**1,051**	**877**	**42,687**
Expected loss rate	**0.01%**	**0.22%**	**22.07%**	**86.66%**	
Loss allowance	**5**	**11**	**232**	**760**	**1,008**
At December 31, 2023					
Gross carrying amount	33,238	4,133	518	757	38,646
Expected loss rate	0.06%	1.04%	22.34%	66.27%	
Loss allowance	19	43	116	502	680

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Credit risk of other financial assets at amortized cost

The directors of the Group consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the financial year. To assess whether there is a significant increase in credit risk the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the third party's ability to meet its obligations;

- actual or expected significant changes in the operating results of the third party; and

- significant changes in the expected performance and behaviour of the third party, including changes in the payment status of the third party.

A default on a financial asset is when the counterparty fails to make contractual payments/ repayable demanded.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

The Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. Over the term of the financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward looking macroeconomic data.

The credit risk of the Group's other financial assets at amortized cost, which comprises deposits and other receivables, amounts due from non-controlling interests and amount due from a joint venture arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instruments. The credit quality has been assessed with reference to historical information and forward-looking information about the counterparties default rates and financial position of the counterparties. Given the track record of repayment in full, the directors of the Company are of the opinion that the risk of default by these counterparties is not significant and does not expect any losses from non-performance by the counterparties. Therefore, expected credit loss rate of the deposits and other receivables, amounts due from non-controlling interests and amount due from a joint venture is assessed to be insignificant and no provision was made as at December 31, 2024 and 2023.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements — for example, currency restrictions.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet dates to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year or on demand US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000
At December 31, 2024			
Trade payables	6,840	—	—
Accruals and other payables	17,031	—	—
Lease liabilities	1,784	1,629	788
Interest payable on lease liabilities	167	49	25
Amount due to a joint venture	58	—	—
	25,880	1,678	813
At December 31, 2023			
Trade payables	4,815	—	—
Accruals and other payables	13,532	—	—
Lease liabilities	1,870	751	605
Interest payable on lease liabilities	82	32	10
Amount due to a joint venture	194	—	—
Bank borrowing and interest payable	4,377	—	—
	24,870	783	615

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the liability to asset ratio. The capital structure of the Group consists of borrowing and shareholders' equity. Capital is managed so as to maximize the return to shareholders while maintaining a capital base to allow the Group to operate effectively in the marketplace and sustain future development of the business. This ratio is calculated as total liabilities divided by total assets.

The Group's total liabilities and total assets positions and liability to asset ratio as is follows:

	2024	2023
Total liabilities (US$'000)	36,633	40,726
Total assets (US$'000)	431,010	410,144
Liability to asset ratio	8.5%	9.9%

The liability to asset ratio was decreased from 9.9% as at December 31, 2023 to 8.5% as at December 31, 2024 mainly due to net operating inflows and repayment of bank borrowings of US$4,235,000 during the year.

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at December 31, 2024 and 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- **Level 1:** The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in Level 1.

- **Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value as at, December 31, 2024 and 2023:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
As at December 31, 2024				
Financial asset				
Financial asset at fair value through profit or loss				
— Life insurance policies	**—**	**—**	**1,300**	**1,300**
As at December 31, 2024				
Financial liability				
Financial liability at fair value through other comprehensive income				
— Retirement benefit obligations	**—**	**—**	**2,623**	**2,623**

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
As at December 31, 2023				
Financial asset				
Financial asset at fair value through profit or loss				
— Life insurance policies	—	—	1,618	1,618
As at December 31, 2023				
Financial liabilities				
Financial liability at fair value through other comprehensive income				
— Retirement benefit obligations	—	—	2,779	2,779
Financial liability at fair value through profit or loss				
— Contingent considerations	—	—	4,975	4,975
	—	—	7,754	7,754

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

The following table presented the changes in level 3 instruments including in financial assets at fair value through profit or loss during the year.

	2024 US$'000	2023 US$'000
Beginning of year	**1,618**	20,559
Addition	**276**	297
Disposal	**(145)**	(20,660)
Fair value change	**(286)**	971
Interest income	**—**	560
Currency translation differences	**(163)**	(109)
At end of year	**1,300**	1,618

The change in Level 3 instruments of retirement benefit obligations is presented in Note 29.

There were no transfers between levels during the year.

Financial instrument in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Contingent consideration

The fair value of the contingent consideration recognized as financial liability at fair value through profit or loss based on the audited financial statements of the acquiree for the year ended December 31, 2023 which is not an observable input as at transaction date of December 28, 2023.

Life insurance policies

A subsidiary in Japan entered into life insurance policies with an insurance company to insure the employees of the subsidiary and the subsidiary is the holder and beneficiary of these policies.

The subsidiary is required to pay monthly insurance premiums determined by the insurance company. The subsidiary may request a surrender to the policy at any time, such as upon employee resignation or retirement, and receive cash based on the cash surrender value of the policies at the date of surrender.

Life insurance policies under the Group's financial assets at fair value through profit or loss were included in Level 3. The fair value of the financial assets at fair value through profit or loss is determined based on investment portion of the cash surrender value which is not an observable input.

An independent valuation of the Group's life insurance policies was performed by a qualified valuer to determine the fair value of the life insurance policies as at December 31, 2024 and 2023. These valuation results are then reported to the senior management of the Group for discussions in relation to the valuation processes and the reasonableness of valuation results. The fair value gains or losses are included in "Other (losses)/gains — net".

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

Financial instrument in Level 3 (continued)

Life insurance policies (continued)

The valuation was determined using discounted cash flow ("DCF") projections based on significant unobservable inputs. These inputs include:

Discount rate	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows
Mortality rate	Based on the life table revised in 2023 and 2024 published by the Ministry of Health, Labor and Welfare of Japan
Employee turnover rate	Based on a three year historical rate of the subsidiary in Japan
Surrender rate	Based on figures published by the insurance company

There were no changes to the valuation techniques during the years ended December 31, 2024 and 2023.

		Range of unobservable inputs	
Description	Unobservable inputs	**2024**	2023
Life insurance policies	Discount rate	**0.0%–1.9%**	0.0%–1.8%

The sensitivity of the life insurance policies to changes in the assumption is:

		Impact on the valuation of the life insurance policies	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
At December 31, 2024			
Discount rate	**0.5%**	**Decrease by 10.1%**	**Increase by 11.2%**
At December 31, 2023			
Discount rate	0.5%	Decrease by 9.2%	Increase by 10.2%

The sensitivity of other unobservable inputs is not expected to have significant impact on the fair value of financial asset at fair value through profit or loss as at December 31, 2024 and 2023.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Provision for inventories

The Group's management reviews the condition of inventories at each reporting date and makes provision for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the latest market prices and current market conditions.

(c) Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation charges where useful lives are different to that of previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation expense in future periods.

The Group's intangible assets included capitalized development costs, customer relationship, computer software and license. Management determines the estimated useful lives and related amortization charges for the capitalized development costs with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. For customer relationship arising from business combination, management determines the estimated useful life and related amortization charges based on historical attrition rates of customers. Management will revise the amortization charges where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual useful lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore amortization expense in future periods.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(d) Impairment of property, plant and equipment, goodwill, intangible assets and interest in a joint venture

Goodwill is tested annually for impairment. Property, plant and equipment, intangible assets and interest in a joint venture are reviewed for possible impairments whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts are determined based on value-in-use calculation. The value-in-use calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and applying the appropriate discount rate to those future cash flows. The estimation of future cash flows and selection of discount rate require the use of judgments and estimates. Management believes that any reasonably foreseeable change in any of the above key elements in the value-in-use calculation would not result in material additional impairment charges.

(e) Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognized as an intangible asset when the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits.

Significant judgment is required in determining the capitalization of development costs. Development costs that are recognized as assets are amortized on the straight-line basis to reflect the pattern in which the related economic benefits are recognized. Development costs that do not meet the above criteria are expensed as incurred.

The research and development costs which do not meet these criteria and recognized in the consolidated statement of profit or loss are determined based on estimated budgeted costs, known services received and progress report from the service vendors. If the actual research and development expenses were different from the estimate, this would have an impact on the research and development expenses recognized in the following reporting period. The Group regularly reviews and revises the estimation of the amounts of the research and development costs recognized in the consolidated statement of profit or loss as the project progresses. Management regularly reviews the progress of the projects and the corresponding cost budgets.

(f) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(g) Fair value of financial assets at fair value through profit or loss

The Group's subsidiary in Japan entered into life insurance policies with an insurance company to insure the employees of a subsidiary. These life insurance policies allow the subsidiary to request a surrender to the policy at any time, such as upon employee resignation or retirement, and receive cashback based on the cash surrender value of the policies at the date of surrender. The fair value of these insurance contracts is determined by using valuation techniques. The Group uses its judgment to select the valuation method and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Details of the assumptions and judgments used by the Group to determine the fair value of financial assets are disclosed in Note 3.3.

5 REVENUE AND SEGMENT INFORMATION

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Executive Directors of the Company that make strategic decisions.

The CODM considers the business from a product perspective which is manufacturing, trading, sales and marketing of medical devices/instruments used for the treatment of coronary artery diseases. The CODM regularly reviews the financial information of the Group which is the same as the consolidated financial statements of the Group, for the purposes of allocating resources and assessing its performance, so only one operating segment of the Group and, no separate segmental analysis is presented in these consolidated financial statements.

The amounts provided to the CODM with respect to total assets and total liabilities are measured in a manner consistent with that in the consolidated balance sheet.

The revenue recognized during the year are as follows:

	2024 US$'000	2023 US$'000
Sales of goods — at point in time	164,097	153,865

5 REVENUE AND SEGMENT INFORMATION (continued)

Geographical information

The Group is organized on a worldwide basis. The analysis of revenue by geographical area is as follows:

	Asia Pacific region, except Japan and the PRC ("APAC") US$'000	Europe, Middle East & Africa ("EMEA") US$'000	Japan US$'000	The PRC US$'000	United States US$'000	Total US$'000
Year ended December 31, 2024						
Revenue	**133,564**	**79,661**	**34,435**	**66,225**	**17,498**	**331,383**
Less: inter-segment revenue	**(81,323)**	**(40,427)**	**–**	**(45,536)**	**–**	**(167,286)**
Revenue from external customers	**52,241**	**39,234**	**34,435**	**20,689**	**17,498**	**164,097**
Year ended December 31, 2023						
Revenue	99,803	77,043	38,005	69,300	21,267	305,418
Less: inter-segment revenue	(63,446)	(40,681)	–	(47,426)	–	(151,553)
Revenue from external customers	36,357	36,362	38,005	21,874	21,267	153,865

The non-current assets information below is based on the location of assets other than financial instruments and deferred income tax assets.

	2024 US$'000	2023 US$'000
APAC	**31,000**	31,944
EMEA	**6,237**	5,894
Japan	**757**	931
The PRC	**21,953**	14,645
United States	**2,243**	2,736
	62,190	56,150

5 REVENUE AND SEGMENT INFORMATION (continued)

Information about major customers

The revenue from external parties is derived from numerous external customers and the revenue reported to the CODM is measured in a manner consistent with that in the consolidated financial statements.

The major customer which contributed more than 10% of total revenue of the Group for the year ended December 31, 2024 is listed as below:

	2024 US$'000	2023 US$'000
Customer A	N/A*	20,238

* The corresponding customer did not contribute over 10% of total revenue of the Group for the year.

Accounting policies of revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. Revenue is recognized when, or as, the control of the goods is transferred to the customer.

The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement. Revenue is recognized as follows:

(a) Sales of goods

The Group manufactures and sells medical instruments in vascular therapies. Revenue from sales are recognized when control of the products has transferred to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. There are two major channels of sales: (i) Distributor sales and (ii) Direct sales.

(i) Distributor sales

Revenue are recognized at point in time when control has been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue are recognized when the products are dispatched from the Group's warehouse or shipped to the customer's designated locations. Revenue from these sales is recognized based on the price specified in the contract.

(ii) Direct sales

Direct sales represents consignment sales of goods to private and public hospitals. Revenue are recognized at point in time when control has been transferred to customers, that is, at the time when the customer has actually consumed the goods.

6 OTHER INCOME — NET

	2024 US$'000	2023 US$'000
Government grants (Note)	277	1,854
Others	153	271
	430	2,125

Note: Government grants mainly comprise subsidies received from various local governments in the PRC (2023: the Government of the Hong Kong Special Administrative Region and various local governments in the PRC). There were no unfulfilled conditions and other contingencies attached to the receipts of those grants.

Accounting policies of government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized within "Other income — net" in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are recognized as deferred income in consolidated statement of profit or loss on a systematic basis over the useful life of the asset.

7 OTHER (LOSSES)/GAINS — NET

	2024 US$'000	2023 US$'000
Net foreign exchange losses	(714)	(357)
Losses on disposals of property, plant and equipment	(6)	(54)
Gains on disposals of financial assets at fair value through profit or loss (Note 18)	5	5
Fair value changes in financial assets at fair value through profit or loss (Note 18)	(286)	971
(Loss)/gain on lease modifications (Note 15)	(33)	14
Impairment of goodwill	(1,570)	—
Others	13	10
	(2,591)	589

8 EXPENSES BY NATURE

	2024 US$'000	2023 US$'000
Cost of inventories recognized as expense (including write-down of inventories to net realizable value)	**27,119**	27,290
Employee benefit expenses (Note 9)	**59,069**	53,298
Depreciation of property, plant and equipment	**2,077**	1,790
Depreciation of right-of-use assets	**2,059**	1,831
Amortization of intangible assets	**1,164**	584
Short-term lease expense in respect of office premises	**1,383**	923
Royalty expenses	**3,167**	3,127
Auditor's remuneration	**377**	462
Marketing and advertising expenses	**5,667**	4,868
Legal and professional fees	**2,876**	2,636
Clinical trial expenses	**712**	690
Travel and entertainment expenses	**4,444**	4,367
Testing material expenses	**2,241**	2,202
Commission expenses	**1,115**	1,426
Delivery and warehouse charge	**3,010**	2,511
Transportation expenses	**402**	481
Telecommunication expenses	**307**	262
Insurance expenses	**1,429**	603
Other expenses	**10,754**	7,235
	129,372	116,586

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' REMUNERATION)

	2024 US$'000	2023 US$'000
Salaries, wages and allowances	47,557	43,604
Pension costs — defined contribution plans (Note (a))	6,827	5,934
Pension costs — defined benefit plans (Note 29)	426	279
Share options granted to directors and employees	1,073	1,080
Share awards expenses	207	—
Other staff benefits	2,979	2,401
	59,069	53,298

(a) Pension costs — defined contribution plans

There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contributions schemes.

(b) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended December 31, 2024

Name	Fees US$'000	Salaries US$'000	Discretionary bonuses US$'000	Allowance and benefits in kind US$'000	Employer's contribution to a retirement benefit scheme US$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Group US$'000	Total US$'000
Executive directors							
Mr. David CHIEN (Note (i), (ii))	–	848	212	–	2	–	1,062
Ms. Kwai Ching Denise LAU (Note (ii))	–	509	212	37	3	–	761
Mr. Wing Shing CHEN (Note (ii))	–	390	163	42	18	8	621
Non-executive directors							
Dr. Yi ZHOU	–	–	–	–	–	–	–
Mr. Ting San Peter Lionel LEUNG	31	–	–	–	–	–	31
Mr. Ching Chung John CHOW	31	–	–	–	–	–	31
Independent non-executive directors							
Mr. Yip Keung CHAN	31	–	–	–	–	–	31
Mr. Ka Keung LAU	31	–	–	–	–	–	31
Dr. Lai Fan Gloria TAM	31	–	–	–	–	–	31
	155	1,747	587	79	23	8	2,599

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' REMUNERATION) (continued)

(b) Directors' and chief executive's emoluments (continued)

For the year ended December 31, 2023

Name	Fees US$'000	Salaries US$'000	Discretionary bonuses US$'000	Allowance and benefits in kind US$'000	Employer's contribution to a retirement benefit scheme US$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Group US$'000	Total US$'000
Executive directors							
Mr. David CHIEN (Note (i), (ii))	–	808	202	–	2	–	1,012
Ms. Kwai Ching Denise LAU (Note (ii))	–	485	202	13	2	–	702
Mr. Wing Shing CHEN (Note (ii))	–	372	155	22	2	18	569
Mr. Ching Chung John CHOW (Note (iv))	–	168	–	7	9	9	193
Non-executive directors							
Dr. Yi ZHOU	–	–	–	–	–	–	–
Mr. Ting San Peter Lionel LEUNG (Note (iii))	19	–	–	–	–	–	19
Mr. Ching Chung John CHOW (Note (iv))	10	–	–	–	–	–	10
Independent non-executive directors							
Mr. Yip Keung CHAN	31	–	–	–	–	–	31
Mr. Ka Keung LAU	31	–	–	–	–	–	31
Dr. Lai Fan Gloria TAM	31	–	–	–	–	–	31
	122	1,833	559	42	15	27	2,598

Notes:

(i) Mr. David CHIEN is the Chief Executive Officer of the Company.

(ii) Also identified as the chief executive of the Company.

(iii) Mr. Ting San Peter Lionel LEUNG is appointed as non-executive director of the Company on May 23, 2023.

(iv) Mr. Ching Chung John CHOW has retired from the Group of all executive roles and has been re-designated as a non-executive director with effect from September 7, 2023.

The remuneration shown above represented remuneration received from the Group by these directors in their capacity as employees to the Group and no directors waived any emolument during the year ended December 31, 2024 (2023: Nil).

No emoluments were paid by the Group to the directors as an inducement to join the Company or the Group, or as compensation for loss of office during the year ended December 31, 2024 (2023: Nil).

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' REMUNERATION) (continued)

(c) Directors' retirement and termination benefits

None of the directors received any other retirement benefits or termination benefits during the year ended December 31, 2024 (2023: None).

(d) Consideration provided to third parties for making available directors' services

During the year ended December 31, 2024, no consideration was provided to or receivable by third parties for making available directors' services (2023: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year ended December 31, 2024 (2023: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 35, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of year or at any time during the year ended December 31, 2024 (2023: Nil).

(g) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include three (2023: two) directors, whose emoluments were reflected in Note 9(b). The emoluments paid to the remaining two (2023: three) individuals, respectively, are as follows:

	2024 US$'000	2023 US$'000
Basic salaries, bonuses, housing allowances, other allowances, share options and others	961	1,679
Discretionary bonus	210	229
Contribution to pension scheme	45	61
	1,216	1,969

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' REMUNERATION) (continued)

(g) Five highest paid individuals (continued)

The emoluments of above individuals are within the following bands:

	2024	2023
HK$2,500,001–HK$3,000,000 (equivalent to US$320,514–US$384,615)	–	–
HK$4,000,001–HK$4,500,000 (equivalent to US$512,822–US$576,923)	1	–
HK$4,500,001–HK$5,000,000 (equivalent to US$576,924–US$641,026)	–	1
HK$5,000,001–HK$5,500,000 (equivalent to US$641,027–US$705,128)	1	1
HK$5,500,001–HK$6,000,000 (equivalent to US$705,129 to US$769,230)	–	1
HK$7,000,001–HK$7,500,000 (equivalent to US$897,437–US$961,539)	–	–
	2	3

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the year (2023: Nil).

10 FINANCE INCOME — NET

	2024 US$'000	2023 US$'000
Finance income:		
— Interest income from bank deposits	11,921	10,106
— Interest income from financial assets at fair value through profit or loss	–	560
	11,921	10,666
Finance costs:		
— Interest expense on bank borrowing	(101)	(4)
— Interest expense on lease liabilities	(117)	(130)
— Others	(1)	(8)
	(219)	(142)
Finance income — net	11,702	10,524

10 FINANCE INCOME — NET (continued)

Accounting policies of finance income and cost

Borrowing costs are recognized as an expense in the year in which they are incurred, except to the extent that they are capitalized when they 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.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

11 INCOME TAX EXPENSE

	2024 US$'000	2023 US$'000
Current income tax:		
Current income tax on profits for the year	**4,320**	5,078
Under-provision in prior year	**106**	136
	4,426	5,214
Deferred income tax:		
Relating to the origination and reversal of temporary differences	**(1,866)**	(659)
	2,560	4,555

The Group is primarily subject to the Hong Kong profits tax, PRC corporate income tax ("CIT"), Japan corporate income tax, the Netherlands corporate income tax and Indonesia corporate income tax.

(a) **Hong Kong profits tax**

The applicable profits tax rate in Hong Kong is 16.5% (2023: 16.5%) for the year ended December 31, 2024.

(b) **PRC corporate income tax**

OrbusNeich Medical (Shenzhen) Company Limited ("OrbusNeich Shenzhen") is qualified as a National High and New Technology Enterprise ("HNTE") on December 11, 2020 with a validity of three years therefrom. On December 25, 2023, OrbusNeich Shenzhen successfully renewed its HNTE certificate for an additional three years. According to the CIT Law, the enterprise qualifying the HNTE status is entitled to the 15% reduced CIT rate subject to a record-filing to the in-charge tax bureau. OrbusNeich Shenzhen had completed the record-filing with Shenzhen local tax bureau. As such, the applicable CIT rate is 15% (2023: 15%) for the year ended December 31, 2024.

(c) **Japan corporate income tax**

The applicable corporate income tax in Japan is 33.58% (2023: 33.58%) for the year ended December 31, 2024.

11 INCOME TAX EXPENSE (continued)

(d) The Netherlands corporate income tax

For the year ended December 31, 2024, Netherlands corporate income tax has been provided for at the rate of 24.6% (2023: 25.8%) on the estimated assessable profits of subsidiaries in the Netherlands.

(e) Indonesia corporate income tax

For the year ended December 31, 2024, Indonesia corporate income tax has been provided for at the rate of 22% (2023: 22%) on the estimated assessable profits of subsidiaries in Indonesia.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to profit of the consolidated entities as follows:

	2024 US$'000	2023 US$'000
Profit before income tax	42,407	49,628
Tax calculated at domestic tax rates applicable to profit in the respective countries/regions	6,514	6,528
Income not subject to tax	(996)	(1,215)
Expenses not deductible for tax purposes	1,306	552
Effect of unrecognized temporary differences	(1,987)	204
Effect of unrecognized tax losses	1,097	8
Recognition of previously unrecognized tax losses	(1,872)	—
Utilization of previously unrecognized tax losses	(1,608)	(1,658)
Under-provision in prior year	106	136
Income tax expense	2,560	4,555

Accounting policies of current income tax

The income tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

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

12 DIVIDEND

No dividend has been paid by the Company for the year ended December 31, 2024. Dividend for the year ended December 31, 2023 of US$10,615,000 has been paid by the Company during the year.

A dividend in respect of the year ended December 31, 2024 of HK10 cents (approximately US1.28 cents) (2023: HK10 cents (approximately US1.28 cents)) per ordinary share, amounting to total dividend of HK$82,797,000 (approximately US$10,615,000) (2023: HK$82,797,000 (approximately US$10,615,000)), is to be approved at the 2024 annual general meeting of the Company. These financial statements do not reflect this dividend payable.

13 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated based on the profit attributable to equity holders of the Company for the years ended December 31, 2024 and 2023 divided by the weighted average number of shares in issue during the year.

	2024	2023
Profit attributable to owners of the Company (US$'000)	39,717	45,073
Weighted average number of ordinary shares in issue (thousand shares)	825,660	827,767
Basic earnings per share (US cents)	4.81	5.45

During the year ended December 31, 2024, no (2023: 198,400) new shares for exercise of share option schemes were issued, which were accounted for on a time apportioned basis.

During the year ended December 31, 2024, 3,210,000 (2023: 945,500) shares were acquired by the Trustee of the share award schemes through purchase from the open market according to the instructions of the board of directors, at a total cost of approximately US$1,781,000 (2023: US$815,000). The re-acquired ordinary shares are excluded on a time apportioned basis from the calculation of the weighted average number of ordinary shares in issue.

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, which consisted of share options and share awards for the year ended December 31, 2024 and share options for the year ended December 31, 2023.

For the year ended December 31, 2024, the Company had share options and share awards (Note 27) that are potential ordinary shares (2023: share options). The diluted earnings per share have been calculated as follows:

Diluted earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2024	2023
Profit attributable to owners of the Company (US$'000)	39,717	45,073
Weighted average number of ordinary shares in issue (thousand shares)	825,660	827,767
Adjustments for:		
Weighted average number of share options (thousand shares)	2	5,195
Weighted average number of share awards (thousand shares)	592	—
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	826,254	832,962
Diluted earnings per share (US cents)	4.81	5.41

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings US$'000	Leasehold improvements US$'000	Plant and machinery US$'000	Furniture, fixtures and equipment US$'000	Motor vehicles US$'000	Computer equipment US$'000	Construction-in-progress US$'000	Total US$'000
At January 1, 2024								
Cost	5,647	4,743	18,662	1,186	613	2,526	3,429	36,806
Accumulated depreciation	(4,640)	(3,705)	(12,387)	(719)	(391)	(1,953)	–	(23,795)
Net book amount	1,007	1,038	6,275	467	222	573	3,429	13,011
Year ended December 31, 2024								
Opening net book amount	1,007	1,038	6,275	467	222	573	3,429	13,011
Additions	186	1,050	113	318	460	401	7,924	10,452
Transfer	28	527	2,114	12	–	45	(2,726)	–
Disposals	–	(1)	(17)	–	(49)	(7)	–	(74)
Depreciation	(51)	(495)	(1,103)	(138)	(80)	(210)	–	(2,077)
Currency translation differences	(21)	(14)	(17)	(26)	(13)	(24)	–	(115)
Closing net book amount	1,149	2,105	7,365	633	540	778	8,627	21,197
At December 31, 2024								
Cost	5,835	6,260	20,389	1,420	598	2,761	8,627	45,890
Accumulated depreciation	(4,686)	(4,155)	(13,024)	(787)	(58)	(1,983)	–	(24,693)
Net book amount	1,149	2,105	7,365	633	540	778	8,627	21,197

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings US$'000	Leasehold improvements US$'000	Plant and machinery US$'000	Furniture, fixtures and equipment US$'000	Motor vehicles US$'000	Computer equipment US$'000	Construction-in-progress US$'000	Total US$'000
At January 1, 2023								
Cost	5,227	4,044	17,702	1,767	418	2,203	396	31,757
Accumulated depreciation	(4,622)	(3,404)	(11,730)	(1,293)	(367)	(1,857)	–	(23,273)
Net book amount	605	640	5,972	474	51	346	396	8,484
Year ended December 31, 2023								
Opening net book amount	605	640	5,972	474	51	346	396	8,484
Additions	34	599	56	451	–	159	4,484	5,783
Acquisitions of subsidiaries	386	–	34	343	127	195		1,085
Transfer	–	93	1,273	7	70	8	(1,451)	–
Disposals	–	–	(81)	(462)	–	(1)	–	(544)
Depreciation	(18)	(290)	(975)	(349)	(25)	(133)	–	(1,790)
Currency translation differences	–	(4)	(4)	3	(1)	(1)	–	(7)
Closing net book amount	1,007	1,038	6,275	467	222	573	3,429	13,011
At December 31, 2023								
Cost	5,647	4,743	18,662	1,186	613	2,526	3,429	36,806
Accumulated depreciation	(4,640)	(3,705)	(12,387)	(719)	(391)	(1,953)	–	(23,795)
Net book amount	1,007	1,038	6,275	467	222	573	3,429	13,011

Depreciation expenses have been charged in the following categories in the consolidated statement of profit or loss:

	2024 US$'000	2023 US$'000
Cost of sales	**926**	708
Selling and distribution expenses	**43**	75
General and administrative expenses	**732**	633
Research and development expenses	**376**	374
	2,077	1,790

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation methods and useful lives

Buildings comprise mainly factories and offices. Property, plant and equipment other than construction in progress are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Buildings	20 years
Leasehold improvements	Shorter of 10 years or the lease term
Plant and machinery	5 to 10 years
Furniture, fixtures and equipment	4 to 10 years
Motor vehicles	3 to 5 years
Computer equipment	3 to 5 years

Construction-in-progress represents plant and machinery, leasehold improvements, furniture, fixtures and equipment and computer equipment on which construction work has not been completed and which, upon completion, management intend to hold for the use of the Group. They are carried at cost which includes development and construction expenditure incurred and other direct costs attributable to the development less any accumulated impairment losses. On completion, the amounts are transferred to respective categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 38.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other (losses)/gains — net" in the consolidated statement of profit or loss.

15 LEASES

(a) Amounts recognized in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2024 US$'000	2023 US$'000
Right-of-use assets		
Buildings	3,860	2,917
Land use right	2,358	2,383
Motor vehicles	117	79
Office equipment	69	76
	6,404	5,455
Lease liabilities		
Current	1,784	1,870
Non-current	2,417	1,356
	4,201	3,226

Additions to the right-of-use assets during the year ended December 31, 2024 were approximately US$1,778,000 (2023: US$2,473,000).

(b) Amounts recognized in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

	2024 US$'000	2023 US$'000
Depreciation charge of right-of-use assets		
Buildings	1,890	1,773
Land use right	37	26
Motor vehicles	107	8
Office equipment	25	24
	2,059	1,831
Short-term lease expense in respect of office premises	1,383	923
Interest expense (included in finance costs)	117	130
(Loss)/gain on lease modifications	(33)	14

The total cash outflow for leases for the year ended December 31, 2024 was US$3,611,000 (2023: US$2,893,000).

15 LEASES (continued)

(c) The Group's leasing activities and how these are accounted for

The Group leases office premises, warehouses, office equipment and motor vehicles. Rental contracts for warehouse, office equipment and motor vehicles are typically made for fixed periods of 2 to 5 years but may have extension options as described in (d) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group also obtained the land use right through lease contract with local government in the PRC with 50 years term.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

15 LEASES (continued)

(c) The Group's leasing activities and how these are accounted for (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(d) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations.

16 SUBSIDIARIES

The following is a list of the principal subsidiaries as at December 31, 2024:

Company name	Place and date of incorporation/establishment and type of legal entity	Registered/ issued and paid-up capital	Ownership interest held by the Group 2024	2023	Principal activities and place of operation
Directly owned					
OrbusNeich Medical Investment Holdings Limited	The BVI, May 15, 2017, limited liability company	US$ 2	100%	100%	Investment holding, the BVI
Indirectly owned					
OrbusNeich Medical Group Limited	Cayman Islands, June 8, 2017, limited liability company	US$386,568	100%	100%	Investment holding, Cayman Islands
Cosmic Ascent Limited	British Virgin Islands (the "BVI"), July 7, 2020, limited liability company	US$187,827,882	100%	100%	Investment holding, the BVI
OrbusNeich Medical Cyprus Holding Company Limited	Cyprus, May 17, 2006, limited liability company	Cyprus Pound 1,000	100%	100%	Investment holding, Cyprus
OrbusNeich Medical Holding B.V.	The Netherlands, May 30, 2001, limited liability company	EUR 18,000	100%	100%	Investment holding, the Netherlands
OrbusNeich Medical B.V.	The Netherlands, July 13, 2006, limited liability company	EUR 18,000	100%	100%	Manufacturing of medical devices/ instruments, the Netherlands
OrbusNeich Medical Manufacturing Holdings (APAC) Company Limited	The BVI, May 15, 2017, limited liability company	US$2	100%	100%	Investment holding, the BVI
OrbusNeich Medical Company Limited ("ONM HK") (業聚醫療有限公司)	Hong Kong, February 23, 1998, limited liability company	HK$2	100%	100%	Trading, sales and marketing of medical devices/instruments, Hong Kong
OrbusNeich Medical Sdn. Bhd.	Malaysia, December 23, 2004, limited liability company	Malaysian Ringgit 2,500	100%	100%	Trading of medical devices/instruments, Malaysia

16 SUBSIDIARIES (continued)

Company name	Place and date of incorporation/establishment and type of legal entity	Registered/ issued and paid-up capital	Ownership interest held by the Group		Principal activities and place of operation
			2024	2023	
Indirectly owned					
OrbusNeich Medical K.K.	Japan, September 13, 2001, limited liability company	JPY 90,000,000	100%	100%	Trading, sales and marketing of medical devices/instruments, Japan
OrbusNeich Medical K.K. Foundation	Japan, September 4, 2013, limited liability company	JPY 3,000,000	100%	100%	Dormant, Japan
Advanced Medical Works K.K.	Japan, June 13, 2017, limited liability company	JPY 500,000	100%	100%	Research and development of medical devices/ instruments, Japan
OrbusNeich Medical Pty Limited	Australia, March 29, 2001, limited liability company	Australian Dollar 100	100%	100%	Trading of medical devices/instruments, Australia
OrbusNeich Medical Investments Limited B.V.	The Netherlands, July 20, 2017, limited liability company	EUR 1	100%	100%	Investment holding, the Netherlands
Orbus International B.V.	The Netherlands, March 10, 1999, limited liability company	EUR 45,320,279	100%	100%	Trading, sales and marketing of medical devices/instruments, the Netherlands
OrbusNeich (Switzerland) AG ("ONM AG")	Switzerland, January 3, 2018, limited liability company	CHF 100,000	100%	100%	Trading, sales and marketing of medical devices/instruments, Switzerland
OrbusNeich Medical Pte. Ltd.	Singapore, August 16, 1995, limited liability company	Singaporean Dollar 2	100%	100%	Trading, sales and marketing of medical devices/instruments, Singapore
OrbusNeich Medical India Private Limited	India, March 9, 2009, limited liability company	Indian Rupee 100,000	Nil (Note (i))	100%	Trading, sales and marketing of medical devices/instruments, India

16 SUBSIDIARIES (continued)

Company name	Place and date of incorporation/establishment and type of legal entity	Registered/ issued and paid-up capital	Ownership interest held by the Group 2024	Ownership interest held by the Group 2023	Principal activities and place of operation
Indirectly owned					
OrbusNeich Medical Trading, Inc.	The United States of America ("USA"), September 14, 2017, limited liability company	US$1	100%	100%	Research and development of medical devices/ instruments, USA
OrbusNeich Medical, Sociedad Limitada	Spain, July 2, 2016, limited liability company	EUR 3,000	100%	100%	Trading, sales and marketing of medical devices/instruments, Spain
OrbusNeich Medical GmbH	Germany, December 1, 2007, limited liability company	EUR 25,000	100%	100%	Trading, sales and marketing of medical devices/instruments, Germany
OrbusNeich Medical (Shenzhen) Company Limited (業聚醫療器械(深圳)有限公司)	People's Republic of China (the "PRC"), May 29, 2000, Wholly foreign owned enterprises	US$ 5,000,000	100%	100%	Manufacturing of medical devices/ instruments, the PRC
OrbusNeich Medical I.P. Holdings (Stent) Company Limited	The BVI, May 15, 2017, limited liability company	US$1	100%	100%	Investment holding, the BVI
OrbusNeich Medical, Inc.	USA, July 28, 1999, limited liability company	US$193,090	100%	100%	Research and development of medical devices/ instruments, USA
OrbusNeich HeartValve Company Limited	The BVI, May 15, 2017, limited liability company	US$1	100%	100%	Investment holding, the BVI
OrbusNeich Medical Technology (Beijing) Company Limited (業聚醫療技術(北京)有限公司)	The PRC, July 8, 2021, limited liability company	RMB1,000,000	100%	100%	Research and development of medical devices/ instruments, the PRC

16 SUBSIDIARIES (continued)

Company name	Place and date of incorporation/establishment and type of legal entity	Registered/ issued and paid-up capital	Ownership interest held by the Group 2024	2023	Principal activities and place of operation
Indirectly owned					
OrbusNeich Medical (Zhejiang) Company Limited (業聚醫療器械(浙江)有限公司)	The PRC, November 28, 2022, limited liability company	US$50,000,000	100%	100%	Manufacturing of medical devices/ instruments, the PRC
PT Revass Utama Medika	Indonesia, September 30, 2010, limited liability company	IDR 62,500,000,000	84%	84%	Trading, sales and marketing of medical devices/instruments, Indonesia
OrbusNeich Medical Korea Company Limited (Formerly known as SJ Medicare Co., Ltd.) ("ONM Korea")	Korea, May 7,2014, limited liability company	KRW 50,000,000	100%	100%	Trading, sales and marketing of medical devices/instruments, Korea
eucatech AG ("eucatech")	Germany, June 20, 1997, limited liability company	EUR 50,000	100%	100%	Manufacturing of medical devices/ instruments, Germany
OrbusNeich Medical Technology (Shanghai) Company Limited (業聚醫療技術(上海)有限公司)	The PRC, November 7, 2024, limited liability company	RMB1,000,000	100%	Nil	Research and development of medical devices/ instruments, the PRC
PT Kedung Artha Medika	Indonesia, May 14, 2024 limited liability company	IDR 10,001,000,000	84%	Nil	Trading, sales and marketing of medical devices/instruments, Indonesia

Note (i): The subsidiary was struck off on June 26, 2024.

17 DEFERRED INCOME TAX

The analysis of deferred income tax are as follows:

	2024 US$'000	2023 US$'000
Deferred income tax assets	5,307	3,541
Deferred income tax liabilities	(870)	(967)
	4,437	2,574

The movements on the net deferred income tax account are as follows:

	2024 US$'000	2023 US$'000
Beginning of year	2,574	2,834
Acquisition of subsidiaries	—	(921)
Credited to the consolidated statement of profit or loss (Note 11)	1,866	659
Exchange difference	(3)	2
At end of year	4,437	2,574

The movements in deferred income tax assets during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Unrealized profits in inventories US$'000	Lease liabilities US$'000	Pension obligations US$'000	Tax losses US$'000	Total US$'000
At January 1, 2023	2,643	260	—	191	3,094
Acquisition of subsidiaries	—	1	73	—	74
Credited/(charged) to the consolidated statement of profit or loss	779	(32)	—	(160)	587
Exchange difference	—	2	—	1	3
At December 31, 2023 and January 1, 2024	3,422	231	73	32	3,758
(Charged)/credited to the consolidated statement of profit or loss	(70)	—	(1)	1,840	1,769
Exchange difference	—	—	(3)	—	(3)
At December 31, 2024	3,352	231	69	1,872	5,524

17 DEFERRED INCOME TAX (continued)

The movements in deferred income tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Customer relationship US$'000	Property, plant and equipment US$'000	Right-of-use assets US$'000	Total US$'000
At January 1, 2023	—	—	260	260
Acquisition of subsidiaries	972	23	—	995
Credited to the consolidated statement of profit or loss	(4)	—	(68)	(72)
Exchange difference	—	—	1	1
At December 31, 2023 and January 1, 2024	**968**	**23**	**193**	**1,184**
Credited to the consolidated statement of profit or loss	**(97)**	**—**	**—**	**(97)**
At December 31, 2024	**871**	**23**	**193**	**1,087**

Deferred income tax assets of US$1,872,000 (2023: Nil) were recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable as at December 31, 2024. The Group did not recognize the remaining deferred income tax assets of US$13,950,000 (2023: US$17,589,000) in respect of losses amounting to approximately US$63,135,000 (2023: US$78,947,000) at December 31, 2024.

The unrecognized estimated tax losses are analyzed by years from expiring as follows:

	2024 US$'000	2023 US$'000
With no expiry date	**3,122**	2,309
Within 1 year	**6**	7
2 to 5 years	**65**	2,641
6 to 10 years	**9,965**	24,013
11 to 21 years	**49,977**	49,977
	63,135	78,947

As at December 31, 2024, the Group had deductible temporary differences of approximately US$12,927,000 (2023: US$13,868,000) mainly arising from research and development tax credit, retirement benefit obligations and decelerated depreciation allowance. No deferred tax assets have been recognized in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred income tax liabilities of approximately US$8,193,000 (2023: US$7,939,000) have not been recognized for the withholding tax and other taxes that would be payable on the unremitted earnings of a subsidiary. Such amounts are permanently reinvested. Unremitted earnings totaled US$81,934,000 (2023: US$79,387,000) at December 31, 2024.

17 DEFERRED INCOME TAX (continued)

Accounting policies of deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

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

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

18 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset measured at fair value through profit or loss include the following:

	2024 US$'000	2023 US$'000
Life insurance policies	**1,300**	1,618

Amounts recognized in profit or loss

The following gains/(losses) were recognized in the consolidated statement of profit or loss:

	2024 US$'000	2023 US$'000
Gains on disposals of financial assets at fair value through profit or loss	**5**	5
Fair value changes in financial assets at fair value through profit or loss	**(286)**	971

Fair value measurements

For information about the methods and assumptions used in determining fair value, please refer to Note 3.3.

19 INTANGIBLE ASSETS

	Capitalized development costs US$'000	Customer relationship US$'000	Computer software US$'000	License US$'000	Total US$'000
Year ended December 31, 2024					
Opening net book amount	3,112	5,118	32	1,298	9,560
Additions	1,417	—	3	—	1,420
Amortization charge	(450)	(567)	(17)	(130)	(1,164)
Exchange difference	(60)	—	(1)	—	(61)
Closing net book amount	4,019	4,551	17	1,168	9,755
At December 31, 2024					
Cost	5,690	5,575	34	1,298	12,597
Accumulated amortization	(1,671)	(1,024)	(17)	(130)	(2,842)
Closing net book amount	4,019	4,551	17	1,168	9,755
Year ended December 31, 2023					
Opening net book amount	3,186	871	—	—	4,057
Additions	397	—	—	1,298	1,695
Acquisitions of subsidiaries	—	4,399	32	—	4,431
Amortization charge	(432)	(152)	—	—	(584)
Exchange difference	(39)	—	—	—	(39)
Closing net book amount	3,112	5,118	32	1,298	9,560
At December 31, 2023					
Cost	4,367	5,575	32	1,298	11,272
Accumulated amortization	(1,255)	(457)	—	—	(1,712)
Closing net book amount	3,112	5,118	32	1,298	9,560

19 INTANGIBLE ASSETS (continued)

Amortization expenses have been charged in the following categories in the consolidated statement of profit or loss:

	2024 US$'000	2023 US$'000
Selling and distribution expenses	**567**	152
General and administrative expenses	**147**	—
Research and development expenses	**450**	432
	1,164	584

Amortization methods and useful lives

Intangible assets comprise (i) expenditure on product development activities; (ii) customer relationship; (iii) computer software; and (iv) license.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads. Capitalized development costs are stated at cost less accumulated amortization and impairment losses. Other development expenditure is recognized as an expense in the period in which it is incurred.

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have finite useful lives and are carried at costs less accumulated amortization and impairment losses.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

Capitalized development costs	10 years
Customer relationships	9–10 years
Computer software	4 years
License	10 years

20 GOODWILL

As at December 31, 2024 and 2023, the Group's goodwill as allocated to separately identifiable cash generated units ("CGU") and their respective carrying amounts are summarized as below:

	2024 US$'000	2023 US$'000
Net carrying amount		
ONM AG	1,735	1,749
PT Revass (Note i)	6,311	7,128
ONM Korea (Note ii)	—	1,773
eucatech	2,159	2,309
	10,205	12,959

(i) In accordance with the sale and purchase agreement dated December 27, 2023, part of the purchase consideration for PT Revass was subject to adjustments based on the profit for the year, as reflected in the audited financial statements for the year ended December 31, 2023. These audited financial statements were not available at the acquisition date of December 28, 2023. Consequently, management recognized provisional goodwill of US$7,128,000 and contingent consideration of US$4,975,000 based on the unaudited management accounts of PT Revass as of the acquisition date. The contingent consideration payable as at December 31, 2023 was classified as a financial liability at fair value through profit or loss in the consolidated balance sheet. The contingent consideration was finalized during the year ended December 31, 2024 and the finalized consideration was adjusted from US$15,055,000 to US$14,240,000. As at December 31, 2024, the remaining consideration payable is US$4,160,000 (note 31).

A reconciliation of the carrying amount of goodwill of PT Revass at the beginning and end of the reporting period is as follows:

	2024 US$'000	2023 US$'000
Opening balance	7,128	–
Acquisition	—	7,128
Measurement period adjustment	(699)	–
Foreign exchange translation	(118)	–
Closing balance	6,311	7,128

(ii) The goodwill of ONM Korea was reduced by US$203,000 during the year ended December 31, 2024 as a result of an adjustment on the final consideration. The goodwill was considered as fully impaired as of December 31, 2024 (see below).

20 GOODWILL (continued)

Impairment tests for goodwill

The recoverable amount of the CGUs relating to ONM AG, PT Revass, ONM Korea and eucatech are determined based on value-in-use calculation. The calculation uses cash flow projections prepared based on financial budgets approved by the management covering a period of five years. Cash flows beyond the budget period is extrapolated using an estimated growth rate which does not exceed the long-term average growth rate in which the CGU operates.

The key parameters used for value-in-use calculations are as follows:

	As of December 31, 2024			
	ONM AG	**PT Revass**	**ONM Korea**	**eucatech**
Revenue growth rate	**6.6% to 10.8%**	**7.0% to 15.0%**	**5.0% to 10.0%**	**8.0% to 265.9%**
Gross margin	**30.0%**	**50.0%**	**48.0%**	**64.5%**
Profit margin	**5.5% to 8.6%**	**10.7% to 14.9%**	**6.8% to 10.3%**	**2.2% to 14.2%**
Terminal growth rate	**1.5%**	**3.0%**	**2.3%**	**2.3%**
Pre-tax discount rate	**26.0%**	**25.6%**	**25.9%**	**27.2%**

	As of December 31, 2023			
	ONM AG	PT Revass	ONM Korea	eucatech
Revenue growth rate	13.0% to 16.3%	10.0% to 17.2%	−0.9% to 10.0%	3.0% to 84.2%
Gross margin	30.9%	48.0%	51.2%	70.3%
Profit margin	9.2% to 12.1%	16.3% to 21.2%	25.9% to 28.5%	−25.8% to 10.1%
Terminal growth rate	1.7%	3.0%	2.0%	2.0%
Pre-tax discount rate	26.0%	25.6%	25.6%	26.8%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	**Approach used to determine values**
Revenue growth rate	Based on past performance and expectation for market and product development.
Gross margin and profit margin	Based on past performance and management's expectations for the future.
Terminal growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with long term inflation rates.
Pre-tax discount rates	Reflect specific risks relating to the relevant countries in which they operate.

20 GOODWILL (continued)

Impairment tests for goodwill (continued)

The result of the impairment assessment reveals that the goodwill of the CGU of ONM Korea was fully impaired (after considering that the higher recoverable amounts of the CGU as determined based on value-in-use calculations) as of December 31, 2024 and hence an impairment charge of US$1,570,000 (2023: nil) was recognized for the year then ended. Management considered that the impairment is mainly attributable to the weakened financial performance of ONM Korea resulting from the unstable market conditions and also, to certain extent, the doctors' strike event in the South Korea.

As at December 31, 2024, the recoverable amounts of the CGUs of ONM AG, PT Revass and eucatech as determined based on the value-in-use calculations, exceeded their carrying amounts by approximately US$304,000, US$998,000 and US$655,000, respectively. The directors of the Company conducted a sensitivity analysis on the key assumptions and concluded that any reasonable possible changes to these key assumptions would not result in the carrying amounts of the respective CGUs to exceed their recoverable amounts. Accordingly, no provision for impairment was recognized for the aforesaid goodwill as of December 31, 2024 and 2023.

With all other variables held constant, the management estimates the headroom would drop to zero as at December 31, 2024 and 2023, with any one of the following parameters:

	As of December 31, 2024			
	ONM AG	PT Revass	ONM Korea	eucatech
Revenue growth rate	Decrease to 5.6% to 9.2%	Decrease to 6.4% to 13.7%	N/A	Decrease to 7.7% to 256.7%
Gross margin	Decrease to 28.8%	Decrease to 49.0%	N/A	Decrease to 62.4%
Profit margin	Decrease to 4.8% to 7.5%	Decrease to 10.1% to 14.0%	N/A	Decrease to 1.8% to 11.9%
Pre-tax discount rate	Increase to 30.6%	Increase to 26.9%	N/A	Increase to 30.7%

	As of December 31, 2023			
	ONM AG	PT Revass	ONM Korea	eucatech
Revenue growth rate	Decrease to 11.7% to 15.0%	Note	Note	Note
Gross margin	Decrease to 30.1%	Note	Note	Note
Profit margin	Decrease to 8.6% to 11.4%	Note	Note	Note
Pre-tax discount rate	Increase to 30.3%	Note	Note	Note

Note: As PT Revass, ONM Korea and eucatech were all acquired from third parties close to December 31, 2023 and there were no significant post-acquisition adverse changes in the financial performance of these subsidiaries, the directors of the Company considered that it is remote for any reasonable possible changes in the key assumptions would cause the carrying amounts of the CGUs of PT Revass, ONM Korea and eucatech to exceed their respective recoverable amounts as of December 31, 2023. Accordingly, no sensitivity analysis information as of December 31, 2023 was disclosed.

20 GOODWILL (continued)

Accounting policies of goodwill

Goodwill arising on the acquisition of subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

More information about impairment of goodwill has been set out in Note 4(d).

21 INTEREST IN A JOINT VENTURE

	2024 US$'000	2023 US$'000
Share of net assets:		
Beginning of year	**3,810**	4,645
Share of loss of a joint venture	**(1,507)**	(835)
End of year	**2,303**	3,810
Advance to a joint venture (Note)	**11,310**	10,110
	13,613	13,920

Note: As at December 31, 2024 and 2023, management classified such amount due from a joint venture as part of the Group's net investment in such joint venture.

The advance to a joint venture was non-trade in nature, unsecured, interest free and would not be demanded for repayment within 12 months from the end of the reporting period. The carrying amount approximate their fair values and are denominated in US$.

Nature of investment in a joint venture:

Name	**Registered capital**	**Place of incorporation**	**Principal activities**	**Percentage of interest held**	
				2024	2023
OrbusNeich P+F Company Limited	US$50,000	The BVI	Investment holding	**50%**	50%

21 INTEREST IN A JOINT VENTURE (continued)

OrbusNeich P+F Company Limited and its subsidiaries are principally engaged in the manufacturing and distribution of heart valve products.

Set out below are the summarized financial information of the joint venture, which is accounted for using the equity method.

Summarized consolidated balance sheet

	2024 US$'000	2023 US$'000
Current assets	**764**	1,440
Non-current assets	**12,044**	12,278
Current liabilities	**(13,300)**	(11,196)
Net (liabilities)/assets	**(492)**	2,522
Reconciliation to carrying amount:		
Net (liabilities)/assets	**(492)**	2,522
Group's interest	**50%**	50%
Group's share of net (liabilities)/assets	**(246)**	1,261
Goodwill	**2,549**	2,549
Carrying amount	**2,303**	3,810

Summarized consolidated statement of comprehensive income

	2024 US$'000	2023 US$'000
Revenue	**652**	556
Loss for the year	**(3,014)**	(1,671)
Other comprehensive income	**—**	—
Total comprehensive loss	**(3,014)**	(1,671)

Commitment in respect of the joint venture:

	2024 US$'000	2023 US$'000
Commitment to providing funding to a joint venture	**4,811**	5,031

There are no contingent liabilities relating to the Group's interest in the joint venture.

21 INTEREST IN A JOINT VENTURE (continued)

Accounting policies of joint arrangements

Under HKFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangement and determined it to be joint venture. Joint venture is accounted for using the equity method.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from a joint venture are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 38.6.

22 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 US$'000	2023 US$'000
Deposits	**1,212**	1,306
Prepayments	**4,197**	5,163
Other receivables	**8,543**	7,307
	13,952	13,776
Less non-current portion:		
Deposits	**(756)**	(872)
Prepayments for property, plant and equipment	**(812)**	(1,041)
Prepayments for intangible assets	**(204)**	(204)
	(1,772)	(2,117)
Current portion	**12,180**	11,659

22 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (continued)

Deposits, prepayments and other receivables are denominated in the following currencies:

	2024 US$'000	2023 US$'000
JPY	271	325
US$	7,276	8,940
RMB	1,423	1,151
EUR	1,893	1,007
HK$	954	842
Indonesia Rupiah ("IDR")	1,529	843
CHF	143	413
Other currencies	463	255
	13,952	13,776

The carrying amounts of deposits and other receivables approximate their fair values.

The deposits and other receivables do not contain impaired assets.

The maximum exposure to credit risk at each of the reporting dates is the carrying value of the deposits and other receivables. The Group does not hold any collateral as security.

Accounting policies of other receivables

Other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the others receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

23 INVENTORIES

	2024 US$'000	2023 US$'000
Raw materials	32,858	21,443
Work in progress	5,012	3,115
Finished goods	19,701	17,771
Inventories — gross	57,571	42,329
Less: Provision for inventories (Note)	(1,242)	(903)
	56,329	41,426

Note:

The cost of inventories recognized as expense and provision for inventories included in 'cost of sales' for the year ended December 31, 2024 amounting to approximately US$26,650,000 (2023: US$27,747,000) and US$469,000 (2023: reversal of provision for inventories of US$457,000), respectively.

23 INVENTORIES (continued)

Accounting policies of inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

24 TRADE RECEIVABLES

	2024 US$'000	2023 US$'000
Trade receivables (Note)	42,687	38,646
Loss allowance	(1,008)	(680)
Trade receivables, net	41,679	37,966

Note: The majority of the Group's sales are with credit terms of 30 to 180 days. The carrying amounts of trade receivables approximate their fair values.

The ageing analysis of the trade receivables based on invoice date, before provision for impairment, is as follows:

	2024 US$'000	2023 US$'000
0 to 30 days	23,485	16,786
31 to 60 days	7,542	9,675
61 to 90 days	4,753	4,324
Over 90 days	6,907	7,861
	42,687	38,646

Movements in the loss allowance of trade receivables are as follows:

	2024 US$'000	2023 US$'000
Beginning of year	680	1,742
Charged during the year	352	54
Trade-receivables written-off as uncollectible	–	(1,337)
Acquisitions of subsidiaries	–	201
Currency translation difference	(24)	20
End of year	1,008	680

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

24 TRADE RECEIVABLES (continued)

The carrying amounts of the Group's trade receivables, net are denominated in the following currencies:

	2024 US$'000	2023 US$'000
US$	9,223	5,916
HK$	4,189	3,385
JPY	8,547	11,270
EUR	4,659	5,616
IDR	5,977	3,982
Other currencies	9,084	7,797
	41,679	37,966

Accounting policies of trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 to 180 days and therefore are all classified as current.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1(b) for a description of the Group's impairment policies and exposure to credit risk.

25 CASH AND BANK BALANCES

	2024 US$'000	2023 US$'000
Cash at banks and on hand	59,658	58,252
Short-term bank deposits (Note)	188,932	197,527
	248,590	255,779

Note: Short-term bank deposits were deposits with original maturities over three months and less than one year and denominated in US$.

Cash at banks and on hand include the following:

	2024 US$'000	2023 US$'000
Cash and bank balances	53,482	56,726
Time deposits (Note)	6,176	1,526
	59,658	58,252

Note: Time deposits were included in cash at banks and on hand if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest or any other form of penalties.

25 CASH AND BANK BALANCES (continued)

Cash and bank balances are denominated in the following currencies:

	2024 US$'000	2023 US$'000
JPY	9,626	7,647
US$	225,601	229,417
RMB	5,598	8,083
EUR	3,691	4,643
HK$	1,060	1,242
Other currencies	3,014	4,747
	248,590	255,779

The conversion of RMB and IDR denominated balances into foreign currencies, the remittance of such foreign currencies denominated bank balances and cash out of the PRC and Indonesia are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC and Indonesian government.

As at December 31, 2024, the Group held RMB and IDR denominated cash and bank balances totalling approximately US$5,589,000 and US$953,000 (2023: US$7,976,000 and US$1,601,000) which were kept in the PRC and Indonesia respectively, the conversion and remittance of which are subject to these rules and regulations.

Interest rates of short-term bank deposits ranged from 4.2% to 6.3% per annum (2023: short-term bank deposits ranged from 3.2% to 6.3% per annum) for the year ended December 31, 2024.

The carrying amounts of cash and cash equivalents and short-term bank deposits approximate their fair values.

Accounting policies of cash and bank balances

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, demand deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank deposits with original maturities more than three months are included within “Cash and bank balances” in the consolidated balance sheet.

26 SHARE CAPITAL

	Number of shares	Share capital
		US$'000
Authorized:		
At January 1, 2023, December 31, 2023 and 2024	1,200,000,000	600
Represented by:		
Ordinary shares	1,200,000,000	600
At December 31, 2023 and 2024	1,200,000,000	600
Issued and fully paid:		
At January 1, 2023	827,769,937	414
Share issued for exercise of share options	198,400	—*
At December 31, 2023 and 2024	827,968,337	414

* The amount is less than US$1,000.

Details of shares held for share award schemes is set out in Note 27(b).

27 SHARE-BASED PAYMENTS

(a) Share option schemes

2021 share option scheme

OrbusNeich Medical Group Limited ("ONM Group Ltd."), a subsidiary of the Company, set up a share incentive plan: 2020 share option scheme on January 1, 2021 in which the directors and selected employees of the Group are eligible to purchase the ordinary shares of ONM Group Ltd.

On September 28, 2021, due to the reorganization, the Company renamed the amended scheme as 2021 share option scheme, in which the directors and selected employees of the Group are eligible to purchase the ordinary shares of the Company, instead of ONM Group Ltd.

The share option scheme will remain in force for 10 years and will be expired on January 1, 2031. Outstanding share options under the scheme remain valid and exercisable starting 10 years from the grant date. The exercise price of the granted options and vesting condition are determined by the board of directors of the Company and stated in the agreement for such grant. The options are vested over periods of one to four years from the grant date and the exercise price of each option ranged from US$0.1 to US$0.2.

During the year ended December 31, 2022, 49,814,500 share options with average exercise price of US$0.18 (approximately HK$1.40) per share option were issued.

27 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

2021 share option scheme (continued)

Pursuant to shareholders' resolution passed on December 5, 2022, the shareholders of the Company resolved that following the share redesignation and reclassification with effect immediately upon listing of December 23, 2022, every five shares with par value of US$0.0001 each in the Company's issued and unissued share capital were consolidated into one share of the corresponding class with par value of US$0.0005 each. As a result, the share options outstanding at the end of the year have been consolidated from 46,374,500 shares to 9,274,900 shares and the exercise prices have been revised accordingly.

During the year ended December 31, 2024, no (2023: 198,400) share options of 2021 share option scheme were exercised.

Post IPO share option scheme

On July 10, 2023, the Company set up a share incentive plan: Post-IPO Share Option Scheme in which the directors and selected employees of the Group are eligible to purchase the ordinary shares of the Company.

The share option scheme will remain in force for 10 years and will be expired on July 10, 2033. Outstanding shares options under the scheme remain valid and exercisable starting 10 years from the grant date. The exercise price of the granted options and vesting condition are determined by the board of directors of the Company and stated in the agreement for such grant. The options are vested over periods of one to four years from the grant date and the exercise price of each option is HK$9.00.

During the year ended December 31, 2023, 6,172,000 share options with exercise price of HK$9.00 per share option were issued.

During the year ended December 31, 2024 and 2023, no share options of Post IPO share option scheme were exercised.

27 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

Movements in the number of share options outstanding during the year are as follows:

	2021 share option scheme Number of shares	Post IPO share option scheme Number of shares
At December 31, 2022	9,274,900	—
Addition during the year	—	6,172,000
Exercised during the year	(198,400)	—
Forfeited during the year	(180,000)	(220,000)
At December 31, 2023	**8,896,500**	**5,952,000**
Forfeited during the year	**(784,000)**	**(887,500)**
At December 31, 2024	**8,112,500**	**5,064,500**

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	**Exercise price in HK$ per share option 2024**	**Options 2024**	Exercise price in HK$ per share option 2023	Options 2023
2031	**3.90**	**48,500**	3.90	48,500
2031	**5.85**	**3,040,000**	5.85	3,480,000
2031	**7.80**	**5,024,000**	7.80	5,368,000
2033	**9.00**	**5,064,500**	9.00	5,952,000
		13,177,000		14,848,500

During the year ended December 31, 2024, no (2023: 6,172,000) share options were granted.

The weighted average fair value of options granted during the year ended December 31, 2023 determined using the Polynomial option price model was US$3.75 per option. The significant input into the model were exercise price of HK$9.00, spot price of the Company of HK$8.57 per share, expected volatility of 44.07% based on the historical volatilities of the comparable companies, 0% expected dividend yield, an expected option life of 10 years and risk-free rate of 4.07%. See Note 9 for the total expense recognized in the consolidated statement of profit or loss for share options granted to directors and selected employees.

27 SHARE-BASED PAYMENTS (continued)

(b) Share award scheme

On March 8, 2023 and May 16, 2023, the board of directors approved to adopt a share award schemes. Under the scheme, the Company may grant shares of the Company to certain selected participants at specified consideration.

Purchase to the scheme rules, existing issued shares will be purchased by the trustee of the scheme (the "Trustee") from the market out of funds provided by the Company in accordance with the scheme rules.

During the year ended December 31, 2024, 3,210,000 (2023: 945,000) shares were acquired by the Trustee of the share award scheme through purchase from the open market according to the instructions of the board of directors, at a total cost of approximately US$1,781,000 (2023: US$815,000).

As at December 31, 2024 and 2023, no share award was granted to selected participants and 4,155,500 shares (2023: 945,500) were held by the Trustee under the scheme.

Movement in the shares held for the share award schemes are as follows:

	Share Award Scheme A		Share Award Scheme B		Total	
	Number of shares	US$'000	Number of shares	US$'000	Number of shares	US$'000
At January 1, 2023	—	—	—	—	—	—
Purchase of shares by the Trust	476,500	411	469,000	404	945,500	815
At December 31, 2023 and January 1, 2024	**476,500**	**411**	**469,000**	**404**	**945,500**	**815**
Purchase of shares by the Trust	**2,992,000**	**1,669**	**218,000**	**112**	**3,210,000**	**1,781**
At December 31, 2024	**3,468,500**	**2,080**	**687,000**	**516**	**4,155,500**	**2,596**

28 OTHER RESERVES AND ACCUMULATED LOSSES

	Other reserve US$'000 (Note (b))	Share premium US$'000	Currency translation reserve US$'000	Statutory reserve US$'000 (Note (a))	Share-based compensation reserve US$'000	Treasury shares reserve US$'000	Accumulated losses US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total US$'000
At January 1, 2024	178,699	277,942	(17,177)	2,499	5,545	(815)	(78,707)	367,986	1,018	369,004
Profit for the year	–	–	–	–	–	–	39,717	39,717	130	39,847
Other comprehensive (loss)/income:										
– Remeasurements of post-employment benefit obligations	–	–	–	–	–	–	120	120	–	120
– Currency translation differences	–	–	(3,831)	–	–	–	–	(3,831)	(47)	(3,878)
Total other comprehensive (loss)/income, net of tax	–	–	(3,831)	–	–	–	120	(3,711)	(47)	(3,758)
Total comprehensive (loss)/income	–	–	(3,831)	–	–	–	39,837	36,006	83	36,089
Transactions with owners:										
– Employee share option scheme: value of employee services	–	–	–	–	1,073	–	–	1,073	–	1,073
– Forfeiture of share options	–	–	–	–	(119)	–	119	–	–	–
– Employee share award schemes: value of employee services	–	–	–	–	207	–	–	207	–	207
– Acquisition of shares by the Trustee of the share awards scheme (Note (c))	–	–	–	–	–	(1,781)	–	(1,781)	–	(1,781)
– Dividends paid	–	(10,615)	–	–	–	–	–	(10,615)	–	(10,615)
– Transfer from statutory reserve	–	–	–	6	–	–	(6)	–	–	–
– Other movements	–	–	19	–	–	–	–	19	(33)	(14)
Total transactions with owners	–	(10,615)	19	6	1,161	(1,781)	113	(11,097)	(33)	(11,130)
At December 31, 2024	178,699	267,327	(20,989)	2,505	6,706	(2,596)	(38,757)	392,895	1,068	393,963

28 OTHER RESERVES AND ACCUMULATED LOSSES (continued)

	Other reserve US$'000 (Note (b))	Share premium US$'000	Currency translation reserve US$'000	Statutory reserve US$'000 (Note (a))	Share-based compensation reserve US$'000	Treasury shares reserve US$'000	Accumulated losses US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total US$'000
At January 1, 2023	178,699	277,710	(17,486)	2,503	4,545	–	(123,819)	322,152	–	322,152
Profit for the year	–	–	–	–	–	–	45,073	45,073	–	45,073
Other comprehensive income:										
– Remeasurements of post-employment benefit obligations	–	–	–	–	–	–	3	3	–	3
– Currency translation differences	–	–	309	–	–	–	–	309	–	309
Total other comprehensive income, net of tax	–	–	309	–	–	–	3	312	–	312
Total comprehensive income	–	–	309	–	–	–	45,076	45,385	–	45,385
Transactions with owners:										
– Employee share option scheme: value of employee services	–	–	–	–	1,080	–	–	1,080	–	1,080
– Exercise of share options	–	232	–	–	(48)	–	–	184	–	184
– Forfeiture of share options	–	–	–	–	(32)	–	32	–	–	–
– Acquisition of shares by the Trustee of the share awards scheme (Note (c))	–	–	–	–	–	(815)	–	(815)	–	(815)
– Non-controlling interests on acquisition of subsidiary	–	–	–	–	–	–	–	–	1,018	1,018
– Transfer from statutory reserve	–	–	–	(4)	–	–	4	–	–	–
Total transactions with owners	–	232	–	(4)	1,000	(815)	36	449	1,018	1,467
At December 31, 2023	178,699	277,942	(17,177)	2,499	5,545	(815)	(78,707)	367,986	1,018	369,004

Notes:

(a) Statutory reserve is non-distributable and the transfers of these funds are in accordance with law and regulations in the PRC. The subsidiary established in the PRC is required to make appropriations to certain statutory reserves from profit for the year after offsetting accumulated losses from prior years and before any profit distribution to equity holders. The percentages to be appropriated to different statutory reserves are determined according to the relevant regulations in the PRC or at the discretion of the directors of the subsidiary. Such statutory reserves can only be used to offset accumulated losses, to increase capital, or for special bonus or collective welfare of employees. These statutory reserves cannot be distributed to equity holders of the subsidiary.

(b) As at December 31, 2024, other reserves included a waived balance due by OrbusNeich Medical Group Limited, amounting to US$187,828,000, net with deemed distribution of US$8,841,000 and share swap of US$288,000 during the reorganization in 2021.

(c) During the year ended December 31, 2024, 3,210,000 (2023: 945,500) shares were acquired by the Trustee of the share award scheme through purchase from the open market according to the instructions of the board of directors, at a total cost of approximately US$1,781,000 (2023: US$815,000).

29 RETIREMENT BENEFIT OBLIGATIONS

The amounts recognized in the consolidated balance sheet are determined as follows:

	2024 US$'000	2023 US$'000
Present value of unfunded obligations:		
Accrued severance liabilities (Note (a))	97	90
Defined benefit retirement plans (Note (b))	2,526	2,689
	2,623	2,779

Notes:

(a) Employee in Korea with more than one year of service is entitled to receive a lump-sum severance payment upon retirement, based on the length of service and the standard payment rate.

(b) The defined benefit retirement plan of the subsidiary in Japan is an unfunded pension plans for full-time employees upon retirement or resignation. The subsidiary in Indonesia recognized unfunded employee benefits liability in accordance with the prevailing labour laws in Indonesia. The level of benefits provided depends on the employees' length of service. The defined benefit retirement plan is measured at present values which are determined with reference to the valuation performed by an independent qualified professional valuer. The valuation was carried out by projected unit credit method.

The movements in the retirement benefit obligations during the year are as follows:

	Present value of obligations	
	2024 US$'000	2023 US$'000
Beginning of year	2,689	2,333
Current service cost	412	268
Interest expense	14	11
	426	279
Remeasurements:		
— (Gains)/loss from change in financial assumptions	(153)	36
— Experience loss/(gain)	33	(39)
	(120)	(3)
Acquisitions of subsidiaries	—	332
Currency translation differences	(203)	(127)
Payments from plans	(266)	(125)
At end of year	2,526	2,689

29 RETIREMENT BENEFIT OBLIGATIONS (continued)

The significant actuarial assumptions were as follows:

	2024		2023	
	Japan	Indonesia	Japan	Indonesia
Discount rate (per annum)	1.46%	7.0%	0.95%	7.0%
Turnover rate (average)	8.77%	5.5%	9.12%	10.78%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in the territory.

The sensitivity of the defined benefit obligation to changes in the assumption is:

			Impact on the valuation of the defined benefit obligation	
		Change in assumption	Increase in assumption	Decrease in assumption
At December 31, 2024				
Discount rate	Japan	0.5%	Decrease by 5.0%	Increase by 5.5%
	Indonesia	1.0%	Decrease by 8.3%	Increase by 9.6%
At December 31, 2023				
Discount rate	Japan	0.5%	Decrease by 4.9%	Increase by 5.3%
	Indonesia	1.0%	Decrease by 8.6%	Increase by 10.6%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the consolidated balance sheet.

The sensitivity of other unobservable inputs are not expected to have significant impact on the defined benefit obligation as at December 31, 2024 and 2023.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Expected contributions to the defined benefit scheme by the Group for the twelve months ended December 31, 2024 are approximately US$134,000.

29 RETIREMENT BENEFIT OBLIGATIONS (continued)

For the year ended December 31, 2024, the weighted average duration of the defined benefit obligations are 11.4 years (2023: 10.7 years) and 25.3 years (2023: 26.5 years) for subsidiaries in Japan and Indonesia, respectively. The expected maturity analysis of undiscounted defined benefit obligation is as follows:

	Within 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
At December 31, 2024				
Defined benefit obligation	**122**	**79**	**429**	**2,613**
At December 31, 2023				
Defined benefit obligation	115	156	359	2,629

Accounting policies on retirement benefit obligations

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Past-service costs are recognized immediately in consolidated statement of profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in accumulated losses in the consolidated statement of changes in equity and in the consolidated statement of balance sheet.

30 TRADE PAYABLES

	2024 US$'000	2023 US$'000
Trade payables	**6,840**	4,815

The carrying amounts of trade payables approximate their fair values.

Credit terms granted by creditors generally range from 30 to 90 days.

30 TRADE PAYABLES (continued)

The ageing analysis of the trade payables based on invoice date is as follows:

	2024 US$'000	2023 US$'000
0 to 30 days	2,772	3,833
31 to 60 days	1,664	370
61 to 90 days	1,360	274
Over 90 days	1,044	338
	6,840	4,815

Trade payables are denominated in the following currencies:

	2024 US$'000	2023 US$'000
US$	5,011	3,214
RMB	400	1,318
EUR	310	233
Other currencies	1,119	50
	6,840	4,815

Accounting policies of trade payables

The amount represents liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

31 ACCRUALS AND OTHER PAYABLES

	2024 US$'000	2023 US$'000
Accrued expenses	13,230	11,612
Consideration payable of acquisition of a subsidiary	4,160	470
Other payables	2,330	3,622
	19,720	15,704

The carrying amounts of accruals and other payables approximate their fair values and are denominated in the following currencies:

	2024 US$'000	2023 US$'000
JPY	1,586	1,805
US$	5,769	1,365
RMB	5,146	4,345
EUR	2,595	4,185
HK$	2,460	2,050
IDR	1,209	675
Other currencies	955	1,279
	19,720	15,704

Accounting policies of other payables

Other payables are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

32 BANK BORROWING

	2024 US$'000	2023 US$'000
Current		
Short-term bank borrowing — unsecured	—	4,235

The weighted average effective interest rate of these short-term bank borrowing facilities was 3.45% per annum (2023: 3.45% per annum) for the year ended December 31, 2024.

The Group has the following undrawn borrowing facilities at the end of the year:

	2024 US$'000	2023 US$'000
Total available facilities	45,092	52,612
Less: utilized facilities	(13)	(4,245)
Total undrawn facilities	45,079	48,367

As at December 31, 2024, the Group has available and undrawn banking facilities amounted to US$45,079,000 (2023: US$48,367,000). Among the available and undrawn facilities, US$45,000,000 (2023: US$45,000,000) were secured by the corporate guarantee given by the Company.

The carrying amount of the Group's short-term bank borrowing approximates its fair value and is denominated in RMB.

Accounting policies of borrowing

Borrowing is initially recognized at fair value, net of transaction costs incurred. Borrowing is subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowing using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized when the obligation specified in the contract is extinguished, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowing is classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations:

	2024 US$'000	2023 US$'000
Profit before income tax	**42,407**	49,628
Adjustments for:		
Depreciation of property, plant and equipment	**2,077**	1,790
Depreciation of right-of-use assets	**2,059**	1,831
Amortization of intangible assets	**1,164**	584
Losses on disposals of property, plant and equipment	**6**	54
Loss/(gain) on lease modifications	**33**	(14)
Gains on disposals of financial assets at fair value through profit or loss	**(5)**	(5)
Net unrealized foreign exchange losses	**1,318**	404
Provision/(reversal of provision) for inventories	**469**	(457)
Impairment losses on financial assets	**352**	54
Impairment of goodwill	**1,570**	—
Current service cost — retirement benefits obligations	**426**	279
Share options granted to directors and employees	**1,073**	1,080
Share awards expenses	**207**	—
Fair value changes in financial assets at fair value through profit or loss	**286**	(971)
Interest income	**(11,921)**	(10,666)
Interest expense	**219**	142
Share of losses of investment in a joint venture	**1,507**	835
	43,247	44,568
Changes in working capital:		
Increase in inventories	**(17,189)**	(6,838)
Increase in trade receivables	**(5,728)**	(1,743)
Increase in deposits, prepayments and other receivables	**(1,433)**	(2,319)
Increase/(decrease) in trade payables	**2,078**	(2,741)
Increase/(decrease) in accruals and other payables	**75**	(3,610)
Decrease in retirement benefit obligations	**(266)**	(125)
Increase in amounts due from a joint venture	**(955)**	(601)
(Decrease)/increase in amount due to a joint venture	**(136)**	37
Decrease in amounts due from non-controlling interests	**46**	—
Cash generated from operations	**19,739**	26,628

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) In the consolidated statement of cash flows, proceeds from disposals of property, plant, and equipment comprise:

	2024 US$'000	2023 US$'000
Net book amount (Note 14)	**74**	544
Losses on disposals of property, plant and equipment (Note 7)	**(6)**	(54)
Proceeds from disposals of property, plant and equipment	**68**	490

(c) In the consolidated statement of cash flows, proceeds from disposals of financial assets at fair value through profit or loss comprise:

	2024 US$'000	2023 US$'000
Net book amount	**145**	20,660
Gains on disposals of financial assets at fair value through profit or loss (Note 7)	**5**	5
Proceeds from disposals of financial assets at fair value through profit or loss	**150**	20,665

(d) Significant non-cash transactions

There was modifications to the lease for office premises and office equipment. During the year ended December 31, 2024, the Group recognized right-of-use assets of US$1,271,000 (2023: US$26,000) and lease liabilities of US$1,304,000 (2023: US$12,000), respectively, which represents a significant non-cash transaction.

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(e) Analysis of changes in financing activities during the year:

	Liabilities from financing activities	
	Bank borrowing US$'000	Lease liabilities US$'000
At January 1, 2023	—	4,028
Lease addition	—	989
Acquisition of a subsidiary	—	17
Cash inflow from financing activities	4,235	—
Cash outflow from financing activities	—	(1,839)
Accrued interest	4	130
Interest paid	—	(130)
Foreign exchange adjustments	—	19
Other non-cash movements	(4)	12
At December 31, 2023	4,235	3,226
At January 1, 2024	**4,235**	**3,226**
Lease addition	**—**	**1,724**
Cash outflow from financing activities	**(4,235)**	**(2,111)**
Accrued interest	**101**	**117**
Interest paid	**(105)**	**(117)**
Foreign exchange adjustments	**—**	**58**
Other non-cash movements	**4**	**1,304**
At December 31, 2024	**—**	**4,201**

34 COMMITMENTS

Capital expenditures contracted for at the end of the year but not yet incurred are as follows:

	2024 US$'000	2023 US$'000
Contracted but not provided for:		
Property, plant and equipment	**37,482**	4,464

35 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholder and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The following companies are related parties of the Group that had balances and/or transactions with the Group.

Name of related parties	Relationship with the Company
OrbusNeich P+F Company Limited	A joint venture
OrbusNeich P&F (Hong Kong) Company Limited	A subsidiary of the joint venture
OrbusNeich P&F MedTech (Shenzhen) Company Limited	A subsidiary of the joint venture

The following is a summary of the significant related party transactions with, in the opinion of the directors, are entered into the ordinary course of business between the Group and its related parties, and the balances arising from related party transactions in addition to the related party information shown elsewhere in the consolidated financial statements.

(a) Transactions with related parties

	2024 US$'000	2023 US$'000
Service fee received from a joint venture:		
— OrbusNeich P&F (Hong Kong) Company Limited (Note)	124	169
Agency and annual license fee income received from a joint venture:		
— OrbusNeich P&F (Hong Kong) Company Limited (Note)	48	74
Disposal of machinery to a joint venture		
— OrbusNeich P&F MedTech (Shenzhen) Company Limited	—	54
Sales of raw materials to a joint venture		
— OrbusNeich P&F MedTech (Shenzhen) Company Limited	4	5

Note: The transactions were carried out at rate mutually-agreed between the related parties involved in the transactions and the Group.

35 RELATED PARTY TRANSACTIONS (continued)

(b) Year-end balances with related parties

	2024 US$'000	2023 US$'000
Amount due from a joint venture		
— OrbusNeich P&F (Hong Kong) Company Limited (Note (ii))	**1,595**	640
Advance to a joint venture		
— OrbusNeich P+F Company Limited (Note 21)	**11,310**	10,110
Amount due to a joint venture		
— OrbusNeich P&F (Hong Kong) Company Limited (Note (i))	**(58)**	(194)

Notes:

(i) The amount due to a joint venture was trade in nature, unsecured, interest free and repayable on demand. The carrying amounts approximate their fair values and are denominated in US$, Singapore dollar and Malaysia Ringgit.

(ii) The amount due from a joint venture was non-trade in nature, unsecured, interest-free and repayable on demand. The carrying amount approximate its fair value and is denominated in US$.

35 RELATED PARTY TRANSACTIONS (continued)

(c) Key management compensation

Key management includes the directors and certain members of the management. The compensation paid or payable to key management for employee services is shown below:

	2024 US$'000	2023 US$'000
Salaries, wages and allowances	**4,275**	5,318
Share-based payment expense	**47**	106
Pension costs — defined contribution plans	**92**	142
Pension costs — defined benefit plans	**43**	8
	4,457	5,574

The share-based payments provided to the key management personnel consist of option which are equity settled.

(d) As at December 31, 2024 and 2023, the Group has available and undrawn banking facilities from two financial institutions amounting to US$15,000,000 and US$30,000,000, respectively, which were secured by the corporate guarantee given by the Company.

36 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	2024 US$'000	2023 US$'000
Financial assets		
Financial assets at fair value through profit or loss	1,300	1,618
Financial assets at amortized cost		
— Trade receivables	41,679	37,966
— Deposits and other receivables	9,755	8,613
— Advance to a joint venture	11,310	10,110
— Amounts due from non-controlling interests	—	46
— Amount due from a joint venture	1,595	640
— Cash and bank balances	248,590	255,779
	312,929	313,154
	314,229	314,772
Financial liabilities		
Financial liability at FVOCI		
— Retirement benefit obligations	2,623	2,779
Financial liability at fair value through profit or loss	—	4,975
Financial liabilities at amortized cost		
— Trade payables	6,840	4,815
— Accruals and other payables	17,031	13,532
— Lease liabilities	4,201	3,226
— Amount due to a joint venture	58	194
— Bank borrowing	—	4,235
	28,130	26,002
	30,753	33,756

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

		2024 US$'000	2023 US$'000
ASSETS			
Non-current asset			
Investment in a subsidiary		**30,608**	30,616
Total non-current asset		**30,608**	30,616
Current assets			
Prepayments and other receivables		**4,889**	5,592
Amounts due from subsidiaries		**93,422**	70,923
Cash and bank balances		**176,266**	199,807
Total current assets		**274,577**	276,322
Total assets		**305,185**	306,938
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**414**	414
Other reserves	Note	**297,471**	308,706
Retained earnings/(accumulated losses)	Note	**6,800**	(2,822)
Total equity		**304,685**	306,298
LIABILITY			
Current liability			
Accruals and other payables		**500**	640
Total current liabilities		**500**	640
Total liabilities		**500**	640
Total equity and liabilities		**305,185**	306,938

The financial statements of the Company were approved by the Board of Directors on March 7, 2025 and were signed on its behalf by:

David CHIEN
Director

Wing Shing CHEN
Director

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

Note:

	Other reserve US$'000	Treasury shares reserve US$'0000	Share-based compensation reserve US$'000	(Accumulated losses)/ retained earnings US$'000	Total US$'000
At January 1, 2023	306,348	–	1,940	(12,425)	295,863
Profit for the year	–	–	–	9,603	9,603
Transactions with owners:					
– Employee share option scheme: value of employee services	–	–	1,080	–	1,080
– Exercise of share options	233	–	(48)	–	185
– Forfeiture of share options	–	–	(32)	–	(32)
– Purchase of the Company's shares for share award scheme	–	(815)	–	–	(815)
	233	(815)	1,000	–	418
At December 31, 2023	306,581	(815)	2,940	(2,822)	305,884
At January 1, 2024	**306,581**	**(815)**	**2,940**	**(2,822)**	**305,884**
Profit for the year	**–**	**–**	**–**	**9,622**	**9,622**
Transactions with owners:					
– Employee share option schemes: value of employee services	**–**	**–**	**1,073**	**–**	**1,073**
– Forfeiture of share options	**–**	**–**	**(119)**	**–**	**(119)**
– Employee share award schemes: value of employee services	**–**	**–**	**207**	**–**	**207**
– Acquisition of shares by the Trustee of the share award schemes	**–**	**(1,781)**	**–**	**–**	**(1,781)**
– Dividends paid	**(10,615)**	**–**	**–**	**–**	**(10,615)**
	(10,615)	**(1,781)**	**1,161**	**–**	**(11,235)**
At December 31, 2024	**295,966**	**(2,596)**	**4,101**	**6,800**	**304,271**

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

38.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 38.4).

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

38.2 Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 38.6.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

38.3 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

38.4 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. For the non-controlling interest of PT Revass, the Group elected to recognize the non-controlling interest at its proportionate share of the acquired net identifiable assets.

Acquisition-related costs are expensed as incurred.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

38.4 Business combinations (continued)

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

38.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss. Foreign exchange gains and losses are presented in the consolidated statement of profit or loss within "Other (losses)/gains — net".

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

38.5 Foreign currency translation (continued)

(c) Group companies

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

(iii) all resulting currency translation differences are recognized in other comprehensive income.

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

38.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss.

38.7 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

38.7 Financial assets (continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented within "Other (losses)/gains — net".

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss ("FVPL"). A gain or loss on a debt instrument that is subsequently measured at FVPL is recognized in profit or loss and presented within "Other (losses)/gains — net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized as "Other (losses)/gains — net" in the consolidated statement of profit or loss as applicable. Impairment losses and reversal of impairment losses on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(d) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. For the other financial assets, expected credit losses are assessed according to change in credit quality since initial recognition.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

38.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

38.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

38.10 Convertible redeemable preferred shares

Preferred Shares issued by the Group are redeemable at the option of the holder upon occurrence of certain events. These instruments can also be converted into ordinary shares at any time at the option of the holders, or automatically upon occurrence of an initial public offering.

Derivatives embedded in preferred shares are treated as separate derivatives when:

- Their economic characteristics and risks are not closely related to those of the host contract;
- A separate instrument with the same terms would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value through profit or loss.

These embedded derivatives which meet the above separation criteria (such as the conversion option in Preferred Shares) are separately accounted for at fair value, with changes in fair value recognized in the consolidated statement of profit or loss unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

38.11 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period, and they are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

38.11 Employee benefits (continued)

(b) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have a right, at the end of the reporting period, to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(c) The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Pension obligations

The liability or asset recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

38.11 Employee benefits (continued)

(d) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

38.12 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled share-based compensation plans under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized general and administrative expenses in the consolidated statement of profit or loss with a corresponding increase in the reserve under equity.

The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the estimate of the number of these share options that are expected to become vested is revised based on the non-market performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

38.12 Share-based payments (continued)

(a) Equity-settled share-based payment transactions (continued)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(b) Share-based payment transactions among group entities

The grant of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

38.13 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

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

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

38.14 Earnings per share

(i) Basic earnings per share

- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares

- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury share.

(ii) Diluted earnings per share

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

38.15 Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognized as an intangible asset when the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Such development costs are recognized as an asset and amortized on the straight-line basis to reflect the pattern in which the related economic benefits are recognized. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

38.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Dividend proposed or declared after the reporting period but before the financial statements are authorized for issue, are disclosed as a non-adjusting event and are not recognized as liability at the end of the reporting period.

38.17 Financial guarantee contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9 "Financial Instruments" and

- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of HKFRS 15 "Revenue from Contracts with Customers".

The fair value of financial guarantees on initial recognition equals the present value of the premium in an arm's length transaction. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognized as part of the cost of the investment.

DEFINITIONS

"AGM"	the annual general meeting of the Company
"APAC"	means the 17 countries/regions out of the 21 members of the Asia-Pacific Economic Cooperation (APEC) excluding the PRC, Japan, Russia and the United States
"associate"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Business Days"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"CE Mark"	a certification mark that indicates conformity with health, safety and environmental protection standards for products sold within the European Economic Area
"Company" or "our Company" or "OrbusNeich"	OrbusNeich Medical Group Holdings Limited, an exempted company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 6929)
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and in this context, refers to a group consisting of HART, Mr. David CHIEN and Ms. Kwai Ching Denise LAU
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company or any one of them
"EMEA"	Europe, Middle East and Africa
"EUR"	Euros, the lawful currency of the member states of Eurozone
"FDA"	the Food and Drug Administration of the United States
"Group", "our Group", "our", "we" or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"HART"	Harmony Tree Limited, a company incorporated in the BVI on September 11, 2020 and one of our Controlling Shareholders
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"IDR"	Indonesian Rupiah, the lawful currency of Indonesia
"Indonesia"	Republic of Indonesia
"JPY"	Japanese Yen, the lawful currency of Japan
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	December 23, 2022, being the date from which the Shares are listed and dealings in the Shares are first permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Mainland China" or "PRC"	the People's Republic of China excluding, for the purposes of this annual report and geographical reference only and except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局) (formerly known as the China National Drug Administration and the China Food and Drug Administration)
"Nomination Committee"	the nomination committee of the Board
"ONM BVI"	OrbusNeich Medical Company Limited, a company incorporated with limited liability in the BVI on January 5, 2000, formerly known as Multi-Well Development Limited and Neich Medical Company Limited
"ONM Group Ltd."	OrbusNeich Medical Group Limited (業聚醫療集團有限公司), an exempted company incorporated in the Cayman Islands on June 8, 2017, formerly known as OrbusNeich Medical Group Limited (祥豐醫療集團有限公司), an indirect wholly owned subsidiary of the Company
"OrbusNeich P&F"	OrbusNeich P+F Company Limited, a company incorporated in the BVI on May 15, 2017, a joint venture indirectly owned as to 50% by the Company
"OrbusNeich Shenzhen"	OrbusNeich Medical (Shenzhen) Company Limited* (業聚醫療器械(深圳)有限公司), a limited liability company incorporated in the PRC on May 29, 2000, an indirect wholly-owned subsidiary of the Company
"PCI"	percutaneous coronary intervention, a minimally invasive procedure to open narrowed coronary arteries to restore blood flow to the heart

"PMDA"	the Pharmaceuticals and Medical Devices Agency under Japan Ministry of Health, Labor and Welfare
"Post-IPO Share Option Scheme"	the share option scheme adopted by the Company on December 5, 2022 and amended on June 6, 2024
"Pre-IPO Share Option Scheme"	the share option scheme approved and adopted by ONM Group Ltd. on December 18, 2020 and assigned to the Company on September 21, 2021
"Prospectus"	the prospectus issued by the Company dated December 13, 2022
"PT Revass"	PT Revass Utama Medika, a company incorporated with limited liability in the Republic of Indonesia on September 30, 2010, an indirect non-wholly owned subsidiary of the Company
"PTA"	percutaneous transluminal angioplasty, a minimally invasive procedure to open a blocked vessel in the peripheral vasculature using a balloon catheter to restore blood flow to a limb or an organ
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the one-year period from January 1, 2024 to December 31, 2024
"RMB" or "Renminbi"	Renminbi, 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 Award Scheme A"	the share award scheme adopted by the Company on March 8, 2023
"Share Award Scheme B"	the share award scheme adopted by the Company on May 16, 2023
"Share Incentive Schemes"	the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme, the Share Award Scheme A and the Share Award Scheme B
"Share(s)"	ordinary share(s) in the share capital of the Company with the nominal value of US$0.0005 each
"Shareholder(s)"	holder(s) of Share(s)
"SJ Medicare"	OrbusNeich Medical Korea Company Limited (formerly known as SJ Medicare Co., Ltd.), a company incorporated with limited liability in the Republic of Korea on May 7, 2014, an indirect wholly owned subsidiary of the Company
"sq.m"	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto under the Listing Rules

"TAVR"	transcatheter aortic valve replacement, a minimally invasive procedure using a catheter-based technique to replace the diseased aortic valve with a new aortic valve
"TMVR"	transcatheter mitral valve replacement, a catheter-based technique to implant a new mitral valve in a minimally invasive procedure that does not involve open-chest surgery
"TPVR"	transcatheter pulmonary valve replacement, a catheter-based technique to implant a new pulmonary valve in a minimally invasive procedure that does not involve open-chest surgery
"U.S." or "US"	the United States of America
"US$" or "USD"	United States dollar, the lawful currency of the U.S.
"%"	percent