VINCENT MEDICAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1612

2024
ANNUAL REPORT

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. CHOI Man Shing *(Chairman)*
Mr. CHOI Cheung Tai Raymond *(Chief Executive Officer)*
Mr. KOH Ming Fai
Mr. FU Kwok Fu

Non-executive Director

Dr. Leung Ming Chu

Independent Non-executive Directors

Mr. MOK Kwok Cheung Rupert
Mr. AU Yu Chiu Steven
Prof. YUNG Kai Leung

BOARD COMMITTEE

Audit Committee

Mr. AU Yu Chiu Steven *(Chairman)*
Mr. MOK Kwok Cheung Rupert
Prof. YUNG Kai Leung

Nomination Committee

Mr. CHOI Man Shing *(Chairman)*
Mr. MOK Kwok Cheung Rupert
Prof. YUNG Kai Leung

Remuneration Committee

Mr. MOK Kwok Cheung Rupert *(Chairman)*
Mr. CHOI Man Shing
Prof. YUNG Kai Leung

Risk Management Committee

Mr. KOH Ming Fai *(Chairman)*
Ms. HU Fang
Mr. ZHANG Changqing
Mr. LAI Hoi Ming

Environmental, Social and Governance Committee

Mr. FU Kwok Fu *(Chairman)*
Mr. LAI Hoi Ming
Ms. TSUI Lai Ki Vicki

COMPANY SECRETARY

Ms. TSUI Lai Ki Vicki

AUTHORISED REPRESENTATIVES

Mr. CHOI Man Shing
Mr. CHOI Cheung Tai Raymond

REGISTERED OFFICE

Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman,
KY1-1111, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1604-07A, 16/F., Two Harbourfront,
22 Tak Fung Street,
Hung Hom, Kowloon,
Hong Kong

AUDITOR

RSM Hong Kong
Certified Public Accountants
Registered Public Interest Entity Auditor
29th Floor, Lee Garden Two,
28 Yun Ping Road,
Causeway Bay, Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman,
KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China Limited
Bank of China Limited

INVESTOR RELATIONS CONTACTS

IR Department – Vincent Medical Holdings Limited

Telephone	:	(852) 2155 2998
Fax	:	(852) 2155 8298
Email	:	investors@vincentmedical.com

STOCK CODE

1612

COMPANY WEBSITE

www.vincentmedical.com

In this annual report (except the sections of "Independent Auditor's Report" and the audited consolidated financial statements set out on pages 116 to 201), unless the context otherwise requires, the following expressions shall have the following meanings:

"AGM"	the annual general meeting of the Company to be held at 17th Floor, Leighton, 77 Leighton Road, Causeway Bay, Hong Kong on Wednesday, 21 May 2025 at 10:00 a.m. or any adjournment thereof
"AI"	artificial intelligence
"Anti-corruption Policy"	the anti-corruption policy of the Company as amended from time to time
"Articles of Association"	the articles of association of the Company currently in force
"Audit Committee"	the audit committee of the Board
"Board"	the board of the Directors
"Board Diversity Policy"	the board diversity policy of the Company as amended from time to time
"Cayman Companies Act"	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
"CEO" or "Mr. Raymond Choi"	Mr. Choi Cheung Tai Raymond, the chief executive officer of the Company and an Executive Director
"CG Code"	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
"Chairman" or "Mr. Choi"	Mr. Choi Man Shing, the chairman of the Company and an Executive Director and the spouse of Ms. Liu
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"Company"	Vincent Medical Holdings Limited (永勝醫療控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1612)
"Company Secretary"	Ms. Tsui Lai Ki Vicki, the company secretary of the Group
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules

Definitions

"Controlling Shareholders"	Mr. Choi, Ms. Liu, VRI and VRHK, being the controlling shareholders who jointly control their respective interests in the Company within the meaning of the Listing Rules. VRI and Mr. Choi, who together hold 393,189,890 Shares (representing approximately 60.18% of the issued Shares as at the Date of Annual Report). VRI is held as to 57.89% by Mr. Choi and 42.11% by Ms. Liu and holds 382,189,890 Shares (including Shares indirectly hold through VRHK). In addition to his indirect shareholding interests in the Company held through VRI, Mr. Choi directly holds 11,000,000 Shares
"Date of Annual Report"	19 March 2025, being the date of this annual report
"Director(s)"	the director(s) of the Company
"Director Nomination Policy"	the nomination of directors policy and procedures of the Company as amended from time to time
"Dividend Policy"	the dividend policy of the Company as amended from time to time
"ERP System"	the enterprise resource planning system
"ESG Committee"	the environmental, social and governance ("**ESG**") committee of the Board
"EU MDR"	European Union Medical Device Regulation
"FDA"	Food and Drug Administration of the US
"FVTOCI"	fair value through other comprehensive income
"Group" or "Vincent Medical"	the Company and its subsidiaries
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	a person who, as far as the Directors are aware after having made all reasonable enquiries, is not a connected person of the Company
"Inovytec"	Inovytec Medical Solutions Ltd., a limited liability company incorporated under the laws of the State of Israel
"JPY"	Japanese Yen, the lawful currency of Japan
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Ms. Liu"	Ms. Liu Pui Ching, the spouse of Mr. Choi

"New Production Facility"	the new research and development and production facility to be constructed on the land parcel situated in Area C, Tianhu 2nd Road North, Cuishanhu New District, Kaiping City, Jiangmen City, Guangdong Province, the PRC (中國廣東省江門市開平市翠山湖新區天湖二路北側C號地塊)
"New Share Option Scheme"	the share option scheme as adopted by the Company on 22 May 2024
"NMPA"	the National Medical Products Administration of the PRC
"Nomination Committee"	the nomination committee of the Board
"OBM"	original brand manufacturing
"OEM"	original equipment manufacturing
"ppts"	percentage points
"PRC"	the People's Republic of China, which for the purpose of this annual report, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme as adopted by the Company on 17 June 2016
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Board
"Risk Management Committee"	the risk management committee of the Board
"RMB"	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(s)"	ordinary share(s) of par value of HK$0.01 each in the share capital of the Company or if there has been a sub-division, consolidation, reclassification or reconstruction or reduction or reorganisation of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company as shall result from any of such sub-division, consolidation, re-classification or re-construction or reduction or reorganisation
"Share Award Scheme"	the share award scheme as adopted by the Company on 2 December 2021 and as amended and restated on 22 May 2024 (the "**Amended Share Award Scheme**")
"Shareholder(s)"	the holder(s) of the Shares

Definitions

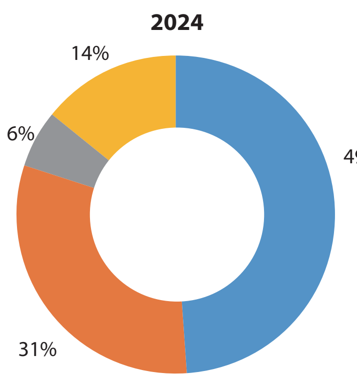
"Shareholders' Communication Policy"	the shareholders' communication policy of the Company as amended from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Terminated Share Option Scheme"	the share option scheme as adopted by the Company on 24 June 2016 and as terminated on 22 May 2024 pursuant to the passing of a resolution by the Shareholders on the annual general meeting of the Company held on 22 May 2024
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"US"	the United States of America, its territories and possessions, and state of the United States and the District of Columbia
"USD"	United States dollars, the lawful currency of the US
"VMDG"	Vincent Medical (Dongguan) Mfg. Co. Ltd.* (東莞永勝醫療製品有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"VRDG"	Vincent Raya (Dongguan) Electronics Co., Ltd.* (永勝(東莞)電子有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of VRI
"VRHK"	VINCENT RAYA CO., LIMITED (永勝宏基集團有限公司), a limited liability company incorporated in Hong Kong and a direct wholly-owned subsidiary of VRI
"VRI"	VINCENT RAYA INTERNATIONAL LIMITED, a company incorporated in the British Virgin Islands and being held as to 57.89% by Mr. Choi and 42.11% by Ms. Liu as at the Date of Annual Report
"Whistleblowing Policy"	the whistleblowing policy of the Company as amended from time to time
"2024" or "Year" or "Reporting Period"	for the year ended 31 December 2024
"%"	per cent.

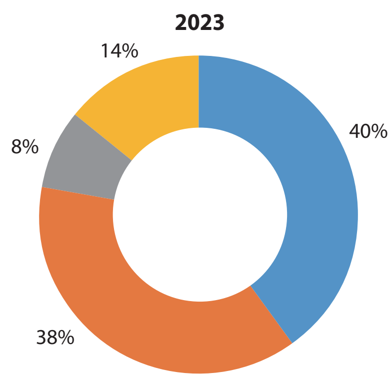
* *For identification purposes only*

	For the year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Revenue	**800,963**	717,973
Gross profit	**259,992**	240,387
Profit attributable to owners of the Company	**69,167**	57,275
Basic earnings per Share (HK cents)	**10.75**	8.87
Total dividend per Share (HK cents)	**3.30**	2.75

REVENUE ANALYSIS

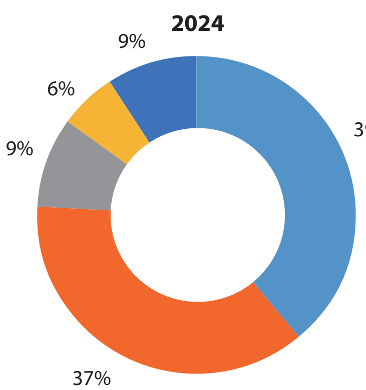
By Product Category

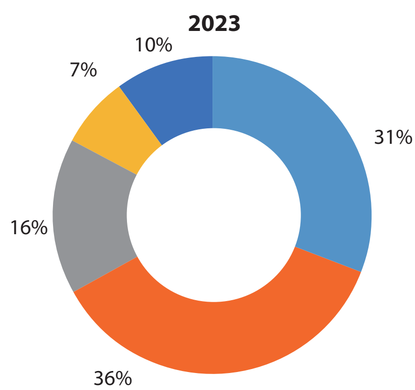




Imaging disposables | Respiratory | Orthopaedic and rehabilitation | Others

By Geography





Europe | The US | The PRC | Japan | Others

2024 MILESTONES

FEBRUARY 2

Awarded the "Top 10 Foreign Enterprises in Tangxia Town by Actual Total Export Value in 2023" and the "Top 10 Foreign Enterprises in Tangxia Town by Tax Contribution in 2023"

APRIL 4

Entered into strategic cooperation with Siemens Digital Industries Software, promoting smart manufacturing and digital transformation

JUNE 6

Awarded "2023 Gold Award of Charity Donation in Kaiping City" and "2023 Bronze Award of Charity Donation in Jiangmen City"

Launches Taobao online store to expand sales channel and business model

OCTOBER 10

5th Anniversary of Inspired Medical Japan Co., Ltd.

FDA

Completed a risk-based work plan inspection by the FDA and received the "No Action Indicated" classification

MDR

EU MDR approval of its series of respiratory medical devices and disposables

NOVEMBER 11

Topping out of Phase 1 of the New Production Facility

SAP

Launch of the upgraded ERP System, mark an important step in digital transformation

Chairman's Statement

Choi Man Shing
Chairman and Executive Director

Dear Shareholders,

On behalf of the Board, I am pleased to present you the annual results for the year ended 31 December 2024.

During the Year, Vincent Medical had to navigate a turbulent and challenging business environment. This was marked by rising interest rates, worsening economic conditions, geopolitical uncertainties and subdued investment appetite. These headwinds have unavoidably impacted our business, with our respiratory products reporting weaker-than-expected demand in major markets. To further complicate the situation, the exits of some key respiratory players brought further disruptions to our product development and distribution channels. Despite all the obstacles, we have taken proactive measures to address these challenges. Supported by our proven strategy and dedicated execution, we were able to deliver a set of improving financial results for the Year.

The Group delivered a revenue growth of 11.6% to HK$801.0 million in 2024 (2023: HK$718.0 million), with the strong performance from the imaging disposable products segment more than offsetting the drop in contributions from respiratory products and orthopaedic and rehabilitation products segments. Gross profit increased by 8.2% to HK$260.0 million (2023: HK$240.4 million). Profit attributable to owners of the Company also increased by 20.8% to HK$69.2 million (2023: HK$57.3 million).

In view of the improving financial performance, we strived to create higher returns for our Shareholders. Despite the anticipated capital needs for future development, the Board has resolved to declare the payment of a final dividend of HK1.7 cents per Share for the Year, after giving full consideration to the Company's profitability and cash flow. Together with an interim dividend of HK1.6 cents (2023: HK1.25 cents) per Share, total dividend for 2024 reached HK3.3 cents (2023: HK2.75 cents) per Share, in line with our Dividend Policy.

Operationally, we remained focus on what truly differentiates Vincent Medical, by maintaining excellent product quality and close client relationships, while pursuing innovation, operating efficiency enhancement and prudent cost control. We take pride in being a trusted partner to leading medical device companies worldwide, a reputation built over years of product innovation and manufacturing excellence. This year, our unwavering dedication to quality and operational standards has once again enabled us to meet the high standards of regulatory bodies globally, such as the EU MDR certification for our quality system and various respiratory disposables series and devices, and the passing of the FDA inspection (with No Action Indicated classification) and various on-site spot checks by the NMPA. By meeting the aforesaid requirements, this has also bolstered client confidence and satisfaction, which in turn, allow us to cultivate stronger customer relationships and enhance order book visibility. For instance, we were able to deepen our collaborations with our long-term partner in imaging disposable products, which serves as the foundation of the resilient performance of the Group.

We also focused on infrastructure improvement and cost control to enhance future profitability. In April 2024, we reached a strategic agreement with Siemens Digital Industries Software to advance our smart manufacturing capability, focusing on areas such as R&D, simulation and testing, smart manufacturing and after-sales maintenance. In October 2024, we also upgraded our ERP System, enhancing consolidated management of our finance, procurement, sales and operational functions. Meanwhile, the New Production Facility also remains on track for trial operations by the end of 2025, providing a solid support for our future developments.

Sustainability of Vincent Medical's operations is also high on the Group's development strategy. During the Year, we invested further in our sustainability initiatives, and implemented comprehensive measures as part of our strategic areas of action. You can find out what sustainability goals we are pursuing and what progress we have made so far in our 2024 ESG report.

Looking into 2025, we believe headwinds and uncertainties will remain. On one hand, geopolitical tensions, coupled with the rise of trade protectionism, are reshaping global trading patterns, with expected trade tariffs hindering export volume and casting doubts on overseas orders. On the other hand, consolidation in the medical device market may continue, and domestic economy of the PRC may take more time to recover.

Nonetheless, we continued to expect resilient demand for our products due to their functionality and essential nature. In other words, the market may undergo further consolidation, but long-term demand remains. The Group will maintain its diversified growth strategy by putting imaging disposable products and respiratory products at its core, and explore opportunities for AI in our rehabilitation and healthcare products and in our operations management.

Financially, we will continue to pay close attention to market developments, and will prioritise rigorous cash flow management, stringent cost controls, and optimised operational efficiency to yield maximum margins amid the challenging conditions. By focusing on product innovation, manufacturing quality and price competitiveness, Vincent Medical is well-equipped to navigate these complexities, and we are confident to reach even greater heights in the next wave of development.

I would like to express my gratitude for the trust and loyalty you have shown as our Shareholders. I would also like to thank the Board for maintaining a very constructive working relationship despite all the difficulties. Let us continue to embrace our core values – "Engagement, Innovation, Quality and Reliability", and to Create Values for Better Lives!

Choi Man Shing
Chairman and Executive Director

Hong Kong, 19 March 2025

General economic conditions and business environment remained difficult during 2024. The combined effect of evolving market conditions, geopolitical uncertainties, changes in trade policies, sustained inflation, high interest rates, and other disruptions have not only dampened market sentiment, but also created notable uncertainties to the Group's operations. Despite the severe headwinds, the Group was able to deliver consistent revenue growth and profitability enhancement during the Year, further highlighting its resilient business model and the careful execution of strategic priorities.

The Group has put a strong emphasis on expediting digitalisation, automation and operations optimisation in 2024. The Group adopted and upgraded various business management systems, including the ERP System, product lifecycle management system, and the manufacturing execution system, in an attempt to streamline its workflow and improve its operational efficiency, as well as to prepare for the advanced manufacturing operation of the New Production Facility. Currently, the construction of the New Production Facility is proceeding according to schedule, with trial operations expected by the end of 2025.

In addition to operational improvement, the Group also continued to pursue and invest in product quality control and regulatory and commercial compliance, which are the building blocks of a responsible medical device manufacturer. During the Year, the Group passed a comprehensive review conducted by the FDA, along with various on-site spot checks by the NMPA. The receipt of the EU MDR for the Group's various respiratory devices and disposables also represents a testament to the Group's commitment to quality and regulatory compliance.

IMAGING DISPOSABLE PRODUCTS SEGMENT

The Group manufactures and sells imaging disposable products on an OEM basis to one of the world's leading diagnostic imaging solutions providers. As a trusted partner, the Group supports the customer in the design and manufacturing of various contrast media injectors and disposables (e.g. syringes and accessories for injection systems), and remains an integral part of its growth strategy worldwide.

Attributable to the growing demand for early disease detection and technological advancements in imaging modalities, demand for medical diagnostic imaging services, along with diagnostic imaging disposables continued to increase in 2024. Facing an expanding market, the Group continued to foster a strong partnership with the key customer, and has successfully secured orders on new products and initiated new projects. Revenue from the imaging disposable products segment reached HK$393.3 million for the Year, representing a 37.7% increase from HK$285.6 million in 2023, accounting for 49.1% of the Group's total revenue. Segment gross profit margin increased marginally from 30.5% to 31.6%, attributable to the increasing economies of scale.

RESPIRATORY PRODUCTS SEGMENT

The respiratory products segment remains an integral part of the Group's product offering. However, due to weak global demand, the exit of certain key players from the sleep and mechanical ventilation market, as well as the absence of a respiratory disease outbreak in the PRC that was seen in early 2023, total revenue from the respiratory products segment decreased by 10.7% to HK$245.5 million (2023: HK$274.9 million), accounting for 30.6% of the Group's total revenue. The decrease was mainly due to the drop in revenue from its inspired™ respiratory products, reporting a 20.2% decrease in sales to HK$161.6 million, partially offset by the increase in sales of OEM respiratory products.

Despite favourable exchange rate and optimised production flow that resulted in manufacturing efficiency enhancement, segment gross profit margin decreased marginally from 38.6% to 38.1% attributable to increase in allowance for inventories during the Year.

ORTHOPAEDIC AND REHABILITATION PRODUCTS SEGMENT

As a result of growing macro uncertainties, certain customers in the US have also reshuffled their supply chain, strategically reducing their orders from overseas, putting pressure on the Group's orthopaedic and rehabilitation products segment. Hence, segment revenue reported a decrease of 14.4% from HK$58.7 million to HK$50.2 million, representing 6.3% of the Group's total revenue. Segment gross profit margin declined from 35.2% to 31.7%, primarily due to decreasing business scale and lower revenue.

OTHER PRODUCTS

Leveraging the Group's product innovation and manufacturing excellence, the Group continued to pursue a diversified strategy to capitalise on emerging market opportunities. Since 2023, the Group has extended its product offering to a broader range of medical devices and disposables, and healthcare and wellness products.

In 2024, revenue from other products segment increased by 13.2% from HK$98.8 million to HK$111.9 million, accounting for 14.0% of the Group's total revenue.

INVESTMENT AND COLLABORATION

External investments and collaborations have been one of the key means for the Group to expand its product offering, technological know-how and distribution channels. During the Year, the Group continued to support Inovytec in the manufacturing of disposables for its Ventway portable ventilators. With the Ventway ventilator currently under the NMPA registration process, the Group remains optimistic about its future sales performance.

Due to the geopolitical tensions in the region and challenging market conditions, performance of Inovytec declined as compared to the prior year. The Group recognised an unrealised fair value loss of HK$1.8 million on the investment in Inovytec, with no dividends received during the Reporting Period. The Group continues to classify its investment in Inovytec as a long-term strategic holding.

In the future, the Group will continue to allocate resources to R&D, as well as pursuing strategic investment and collaboration opportunities to fast-track its business development. This will be done by giving careful consideration to the business development needs, projected capital expenditure, and strength of the Group's financial position.

OUTLOOK

Looking ahead, uncertainties remain particularly given the dynamic macro environment. With geopolitical tension and trade protectionism on the rise, it is expected that trade policies and goods flow could drastically change; the varying economic recovery rates across different continents may also create difficulties in market penetration.

In order to navigate the turbulent market, the Group will maintain its diversified growth strategy by putting imaging disposable products and respiratory products at its core. While focusing on strengthening cooperation with business partners and creating more value for customers, the Group will also explore other business opportunities that can leverage its technical expertise and manufacturing excellence.

Meanwhile, the Group has seen satisfactory progress in its healthcare and wellness business. With Internet of Things (IoT) wearables already in the pipeline, the Group will continue to keep a keen eye on new technologies and to explore how AI can be used in its product and operations management, so that it can further expand its product and service portfolio.

To support the aforementioned initiatives, the Group will continue to drive the development of the New Production Facility, which remains on track for trial operations by the end of 2025. The added capacity and capability should also support the Group to acquire additional manufacturing intellectual properties in the future, thereby strengthening its value proposition for both current and potential customers. The Group will also maintain stringent cost control and prudent financial management to ensure business sustainability and maximise business and Shareholders' returns.

FINANCIAL REVIEW

REVENUE

Total revenue for the Year amounted to HK$801.0 million (2023: HK$718.0 million), representing an increase of 11.6% year-on-year, mainly attributable to the increase in orders from the imaging disposable products segment, along with the increasing contribution from healthcare and wellness products, more than offsetting the decrease in revenue from the respiratory products segment and the orthopaedic and rehabilitation products segment.

The Group's geographic revenue distribution became increasingly diversified. The US market accounted for 36.5% (2023: 36.2%) of total revenue, while sales to Spain increased by 52.1% and accounted for 32.0% (2023: 23.5%) of total revenue, primarily attributable to the shift in customers' supply chain. Sales to the PRC decreased by 35.7% to HK$75.2 million and accounted for 9.4% (2023: 16.3%) of total revenue, attributable to lower demand for respiratory products in the PRC.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit increased by 8.2% to HK$260.0 million (2023: HK$240.4 million). Gross profit margin decreased from 33.5% to 32.5%, as a result of changes in product mix and the increase in allowance for slow-moving inventories from HK$4.7 million to HK$7.4 million.

OTHER INCOME, OTHER GAINS AND LOSSES

Other income, other gains and losses increased by HK$2.0 million from net losses of HK$0.5 million to net gains of HK$1.5 million, as the increase in exchange gains recognised has more than offset the increase in impairment losses and write-offs incurred during the Year.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased marginally by 0.8% to HK$39.2 million (2023: HK$38.9 million). As a percentage of the Group's total revenue, such expenses decreased to 4.9% (2023: 5.4%).

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 13.0% to HK$112.0 million (2023: HK$99.1 million), accounting for 14.0% of the Group's total revenue (2023: 13.8%). The increase was primarily attributable to the upgrade costs of the Group's information technology and management systems.

RESEARCH AND DEVELOPMENT EXPENSES

During the Year, the Group continued to invest in product and technological innovation, as well as manufacturing and processes improvements. R&D expenses for the Year was HK$30.6 million (2023: HK$36.1 million), corresponding to 3.8% (2023: 5.0%) of the Group's total revenue.

INCOME TAX EXPENSE

During the Year, the Group recorded an income tax expense of HK$7.1 million (2023: HK$8.7 million). The decrease was due to the reversal of income tax provision for a wholly-owned subsidiary in Hong Kong.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the foregoing, the Group recorded a profit attributable to owners of the Company of HK$69.2 million (2023: HK$57.3 million).

PROPERTY, PLANT AND EQUIPMENT

The Group incurred capital expenditure of HK$142.4 million (2023: HK$21.3 million) during the Year, and as at 31 December 2024, property, plant and equipment was HK$220.5 million (2023: HK$101.2 million). The increase was primarily attributable to the construction of the New Production Facility.

As at 31 December 2024, the Group had capital commitments contracted but not provided for of HK$118.8 million (2023: HK$170.6 million), mainly for the construction of the New Production Facility.

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at 31 December 2024, right-of-use assets and lease liabilities amounted to HK$49.8 million (2023: HK$47.8 million) and HK$19.5 million (2023: HK$16.3 million), respectively. The change was primarily attributable to additions, modifications and depreciation of right-of-use assets and lease rental paid for the Year.

INVENTORIES

Inventories as at 31 December 2024 was HK$162.7 million (2023: HK$173.8 million). Despite the increase in revenue, the inventory level remained stable as a result of stringent inventory policies.

TRADE RECEIVABLES

As at 31 December 2024, the Group's trade receivables was HK$169.3 million (2023: HK$172.4 million). The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing its credit exposure.

CONTRACT ASSETS

As at 31 December 2024, contract assets amounted to HK$31.6 million (2023: HK$14.8 million), primarily attributable to the growth of the imaging disposable products segment during the Year.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 December 2024, prepayments, deposits and other receivables increased to HK$75.0 million (2023: HK$61.8 million), primarily due to the increase in value-added tax receivables.

TRADE PAYABLES

As at 31 December 2024, the Group's trade payables was HK$41.6 million (2023: HK$59.9 million). The decrease was primarily attributable to the faster pace of settlement to suppliers in the PRC.

OTHER PAYABLES AND ACCRUALS

As at 31 December 2024, other payables and accruals increased to HK$170.6 million (2023: HK$115.7 million), mainly due to the increase in provision for the construction costs of the New Production Facility.

LIQUIDITY AND FINANCIAL RESOURCES AND BORROWINGS

During the Year, the Group continued to maintain a healthy financial position amid the fluctuating macroenvironment. Bank and cash balances as at 31 December 2024 was HK$173.4 million (2023: HK$175.8 million). The Group held cash and bank balances mainly denominated in HKD, USD, RMB and JPY. Overall, the Group maintained a robust current ratio of 2.2 times (2023: 2.4 times).

As at 31 December 2024, total interest-bearing borrowings amounted to HK$80.2 million (2023: HK$21.0 million). The increase was primarily due to borrowings raised to finance the construction of the New Production Facility. All of these borrowings were denominated in HKD and RMB, and interest rates applied were primarily subject to floating rate terms. The net gearing ratio, which was calculated based on the amount of total borrowings divided by the total equity attributable to owners of the Company, was 0.14 (2023: 0.04).

As at 31 December 2024, the Group had unutilised bank facilities of HK$487.0 million (2023: HK$93.9 million).

HUMAN RESOURCES

As at 31 December 2024, the Group has a total of 1,328 full-time employees (2023: 1,264). The remuneration of employees is generally reviewed on an annual basis in accordance with individual performance, qualifications, the Group's financial performance and market conditions. The Group provides year-end double pay, discretionary performance-based bonuses, medical insurance and social security funds to retain and attract high-calibre.

During the Year, staff costs including Directors' emoluments amounted to HK$214.4 million (2023: HK$194.3 million), representing 26.8% (2023: 27.1%) of the Group's total revenue.

CAPITAL STRUCTURE

As at 31 December 2024, the issued share capital of the Company was approximately HK$6.5 million (2023: approximately HK$6.5 million), comprising 653,336,332 Shares (2023: 653,336,332 Shares) of nominal value of HK$0.01 per Share.

SIGNIFICANT INVESTMENT

As at 31 December 2024, the Company considered that the following equity investment at FVTOCI is significant in nature:

Name of company	Principal business	Number of shares (approximate percentage of shareholding)	Total investment	Fair value of the equity investment		Assets ratio defined under the Listing Rules	
				2024	2023	2024	2023
Inovytec	An Israeli company that develops medical devices with a focus on routine and emergency respiratory and cardiac failures.	12,091 series A preferred shares (13.68%)	US$3.0 million (equivalent to HK$23.4 million)	**US$3.2 million (equivalent to HK$25.0 million)**	US$3.4 million (equivalent to HK$26.8 million)	**2.7%**	3.4%

For additional information regarding the performance during the Year and prospects of the above significant investment, please refer to the paragraph headed "Investment and Collaboration" above.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Year, the Group had no material acquisitions or disposals of subsidiaries and associated companies.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Reporting Period up to the Date of Annual Report.

CHARGES ON THE GROUP'S ASSETS

Other than property, plant and equipment of HK$132.7 million (2023: HK$Nil) and right-of-use assets of HK$30.4 million (2023: HK$Nil) pledged as security for the Group's borrowings raised to finance the construction of the New Production Facility, as at 31 December 2024, none of the assets of the Group were pledged.

FOREIGN EXCHANGE EXPOSURE

While some of the Group's costs and expenses are denominated in RMB, there was a substantial amount of sales denominated in USD and JPY given the export-oriented nature of the Group's business. Thus, any appreciation of RMB against USD and JPY may subject the Group to increased costs and lower profitability. The Directors have assessed the impact of such foreign currency risk and considered that it may materially affect the Group's profitability. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have contingent liabilities.

EXECUTIVE DIRECTORS

Mr. Choi Man Shing (蔡文成), aged 72, is an Executive Director, the Chairman, the chairman of the Nomination Committee and a member of the Remuneration Committee. He currently serves as a director of many subsidiaries of the Company. Mr. Choi is the founder of the Group and primarily responsible for formulating long-term development and marketing strategies of the Group. He has over 46 years of management experience in the manufacturing industry in Hong Kong and the PRC. Mr. Choi is (i) the father of Mr. Raymond Choi, an Executive Director and the CEO; (ii) the spouse of Ms. Liu, the Controlling Shareholder; and (iii) a director of VRI (the Controlling Shareholder) and certain of its subsidiaries.

Mr. Choi Cheung Tai Raymond (蔡章泰), aged 43, is an Executive Director and CEO. He also currently serves as a director of various subsidiaries of the Company. Mr. Raymond Choi joined the Group in May 2020 and is primarily responsible for overseeing the corporate management of the Group, formulating our business and product development strategies. He is (i) the son of Mr. Choi, an Executive Director, the Chairman and the Controlling Shareholder; (ii) the son of Ms. Liu, the spouse of Mr. Choi and the Controlling Shareholder; and (iii) a director of VRI (the Controlling Shareholder) and certain of its subsidiaries.

Mr. Raymond Choi obtained a degree of bachelor of science majoring in industrial engineering from The Pennsylvania State University, the US in May 2005 and a degree in master of business administration through distance learning from The University of Manchester, the United Kingdom in June 2014. Mr. Raymond Choi is a corporate member of The Hong Kong Institution of Engineers and a Professional Engineer (Manufacturing, Industrial and Systems) registered with the Engineers Registration Board, a body corporate established under the Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong). He is a Registered Lean Sigma Black Belt of the Six Sigma Institute and a Certified Six Sigma Black Belt of the China Association for Quality. He is an Executive Board Member, a member of each of the Quality and Regulatory Affairs Panel and the Greater Bay Area Panel of the Hong Kong Medical and Healthcare Device Industries Association (the "**HKMHDIA**"). He is also a member of Expert Review Panel of Logistics and Supply Chain MultiTech R&D Centre Limited. He has also been appointed as an industrial advisor of the Technology Transfer Management Committee and the Intellectual Property Assessment Committee of The Hong Kong Polytechnic University.

Mr. Raymond Choi has over 19 years of experience in industrial engineering and operations management across medical device, cosmetics and beauty products and industrial and semiconductor system. Throughout his career he has worked for companies including MEDRAD, Inc. (subsequently acquired by Bayer AG), Sanmina-SCI Enclosure Systems (Asia) Ltd., VRHK, Dongguan Zensee Printing Limited (a subsidiary of Q P Group Holdings Limited (stock code: 1412.HK)) and Elegance Industrial Co., Ltd. (a subsidiary of Crystal International Group Limited (stock code: 2232.HK)).

Mr. Koh Ming Fai (許明輝), aged 51, is an Executive Director and the chairman of the Risk Management Committee. He currently serves as the Vice President of OEM Business of the Group and a director of various subsidiaries of the Company. Mr. Koh joined the Group in September 2000 and is primarily responsible for managing the business operations of the Group.

Mr. Koh received a bachelor's degree in science in mechanical engineering from University of Alberta, Canada in June 2000 and a master's degree in business through distance learning from the University of Newcastle, Australia in May 2009. He is a member of the Hong Kong Institution of Engineers and he was admitted as a member of the biomedical discipline of the Hong Kong Institution of Engineers through the founding member route in January 2007. He is also a professional engineer (biomedical) registered with the Engineers Registration Board, a body corporate established under the Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong). He is also elected as a member of the Institution of Mechanical Engineers and was registered as a chartered engineer in April 2008.

Mr. Koh is currently a member of each of the External Relations Panel, the Quality and Regulatory Affairs Panel and the Greater Bay Area Panel of the HKMHDIA. He served as an Executive Board Member of the HKMHDIA for the terms from 2017 to 2022.

Mr. Fu Kwok Fu (符國富), aged 54, is an Executive Director and the chairman of the ESG Committee. He currently serves as the Vice President of Engineering and R&D of the Group and a director of various subsidiaries of the Company. Mr. Fu joined the Group in June 1997 and is primarily responsible for overseeing the R&D and initiating product development through integrating technologies and techniques. He has over 27 years of experience in the medical device manufacturing industry.

Mr. Fu obtained a bachelor's degree in mechanical engineering from the University of Hong Kong in December 1997 and a master's degree in business administration (general management) from The Hong Kong Polytechnic University in October 2009. He is a member of the Institution of Mechanical Engineer and was registered as a chartered engineer in April 2008 and is a member of the Hong Kong Institution of Engineers. He was admitted as a member of the biomedical discipline of the Hong Kong Institution of Engineers through the founding member route in January 2007 and serves as a member of the committee of the biomedical division of the same institution.

NON-EXECUTIVE DIRECTOR

Dr. Leung Ming Chu (梁明珠), aged 67, is a Non-executive Director and joined the Group in July 2023. She has extensive experience in commercial sales and marketing, management and operation. Dr. Leung is a consultant at Besteam Consultants Limited ("**Besteam**") since September 2020. Besteam has provided consultancy services to Vincent Medical Manufacturing Co., Limited, an indirect wholly-owned subsidiary of the Company, in respect of operational improvements since July 2019. Besteam is wholly-owned by Mr. Chan Ling Ming, the spouse of Dr. Leung and a former Independent Non-executive Director from 24 June 2016 to 13 June 2019. From January 1986 to August 1997, Dr. Leung worked at Caltex Oil Hong Kong Ltd., where her last position was the manager of commercial business unit. From August 1997 to January 2009, Dr. Leung worked as a principal lecturer of the Technical College of the Vocational Training Council. From January 2009 to January 2018, Dr. Leung worked as an assistant executive director of the Vocational Training Council.

Dr. Leung obtained a degree of bachelor of arts through distance learning from The Open University, the United Kingdom in December 1982, a degree of master of business administration through distance learning from The University of Warwick, the United Kingdom in July 1990 and a degree of doctor of business administration through distance learning from Macquarie University, Australia in April 2009. Dr. Leung is a Certified Professional Marketer (Asia) of the Asia Marketing Federation.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mok Kwok Cheung Rupert (莫國章), aged 66, is an Independent Non-executive Director and joined the Group in June 2016. Also, he is the chairman of the Remuneration Committee, as well as a member of each of the Audit Committee and the Nomination Committee. Mr. Mok obtained a bachelor's degree in electrical engineering from the University of Sydney, Australia in March 1982 and a master's degree in biomedical engineering from the University of New South Wales, Australia in October 1984.

Mr. Mok is currently (i) the Deputy Chairman of the Executive Board; (ii) the Chair of the Greater Bay Area Panel; (iii) the Co-Chair of the Membership Affairs Panel; (iv) a member of the Product and Technology Development Panel; and (v) a member of the Quality and Regulatory Affairs Panel of the HKMHDIA, respectively. He served as the Treasurer of the Executive Board of the HKMHDIA for the terms from 2023 to 2024.

He is also (i) an assessor of the Enterprise Support Scheme Assessment Panel; (ii) a Peer Review Expert of the Research, Academic and Industry Sectors One-Plus Scheme (RAISe+); and (iii) a member of the Expert Panel on the Designation of Designated Local Research Institutions of the Innovation and Technology Fund, Innovation and Technology Commission ("**ITC**"). He served as a member of the Innovation and Technology Fund Research Projects Assessment Panel (Biotechnology) of ITC for the terms from 2022 to 2024. He is an industrial advisor on Undergraduate Program in BioEngineering of the Hong Kong University of Science and Technology.

Mr. Mok has over 40 years of experience in administrative management, sales and marketing and R&D of medical devices in the Asia Pacific region.

Mr. Au Yu Chiu Steven (區裕釗), aged 66, is an Independent Non-executive Director and joined the Group in June 2016. Also, he is the chairman of the Audit Committee. Mr. Au graduated from the University of East Anglia, the United Kingdom, with a bachelor's degree in arts majoring in economics in July 1982. He further obtained a master's degree in business administration from the University of Western Ontario, Canada in October 2000. Mr. Au was admitted as a chartered accountant of the Institute of Chartered Accounts in England and Wales in November 1987. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Au has more than 39 years of experience in accounting and finance. He worked as an accountant at an accounting firm in the United Kingdom from October 1982 to October 1987 and then at Arthur & Anderson & Co. from December 1987 to January 1989. During the period from August 1992 to April 2008, he was a director of a number of companies where he was responsible for overall corporate management, including China Everbright Securities (International) Limited and Anglo Chinese Securities Limited, both of which are finance and investment companies, and Kin Wah Hong Company Limited, a textiles trading company. Also, Mr. Au was an executive director of finance and administration of Matilda International Hospital from October 2002 to September 2019.

Mr. Au was appointed as an independent non-executive director of Expert Systems Holdings Limited (stock code: 8319.HK) on 15 March 2016.

Prof. Yung Kai Leung (容啟亮), aged 75, is an Independent Non-executive Director and joined the Group in February 2017. Also, he is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. He graduated from Brighton University, the United Kingdom with a bachelor's degree in electronic engineering in 1975. He further obtained a master's degree in automatic control systems from Imperial College of Science, Technology and Medicine, London, the United Kingdom in 1976 and his doctorate in microprocessor applications in process control from the Plymouth University, the United Kingdom in 1985. He is a fellow member of the Hong Kong Institute of Engineers and a fellow of the Hong Kong Academy of Engineering Sciences. In 2015, Prof. Yung was awarded the Bronze Bauhinia Star for his contributions to scientific research.

Since 1986, Prof. Yung held various positions at The Hong Kong Polytechnic University. He is currently the Chair Professor of Precision Engineering and Associate Head in the Department of Industrial and Systems Engineering at The Hong Kong Polytechnic University. He has been appointed as Sir Sze-yuen Chung Professor in Precision Engineering with effect from 1 March 2020.

SENIOR MANAGEMENT

Mr. Lai Hoi Ming (黎海明), aged 43, is the Chief Financial Officer of the Group. He is also a member of each of the Risk Management Committee and the ESG Committee. He currently serves as a director of various subsidiaries of the Group. Mr. Lai joined the Group in July 2018 and is primarily responsible for managing all finance, accounting, human resources and administration work. He obtained a bachelor degree in accountancy from the City University of Hong Kong in November 2005. He is currently an associate member of the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Certified Management Accountants Australia. Before joining the Group, Mr. Lai was the senior manager of RSM Hong Kong where he was responsible for the IPO and audit work of the Group. He has over 20 years of experience in finance and accounting.

Ms. Tsui Lai Ki Vicki (徐麗琪), aged 49, is the Company Secretary. She is also a member of the ESG Committee. She joined the Group in April 2016 and is responsible for the company secretarial functions and provides advice to the Board and the Board committees. Ms. Tsui has over 20 years' experience in the listed corporate secretarial and governance field. Prior to joining the Group, Ms. Tsui acted as the company secretary of a number of listed companies on the Stock Exchange, providing professional corporate secretarial services to the board of directors. She is a Fellow of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. Ms. Tsui holds a bachelor degree in accountancy.

Mr. Wong Yuk Ming David (黃育明), aged 54, is the Vice President of Sales and Marketing of the Group. He currently serves as a director of various subsidiaries of the Group. He joined the Group in December 2016 and is primarily responsible for leading the "inspired™" portfolio of medical devices, strategic partnerships with multinational corporations and OBM sales and marketing of the Group.

Mr. Wong has over 20 years of experience in developing, manufacturing and global distribution of medical devices, with a strong clinical network. He has successfully refocused the Company's brand identity, portfolio of respiratory products, sales channels, established the strategic path of co-operation with multinational corporations and is in charge of the clinical development and studies with Global Key Opinion Leaders. His experience in laparoscopic, endoluminal surgery combined with his respiratory experience has created synergy for the Company's future pipeline of products.

Mr. Wong graduated from University of Bradford, the United Kingdom with a master's degree and a bachelor's degree in civil and structural engineering in July 1993. He gained his chartership in civil engineering in 1998 and biomedical engineering in 2014, and gained his fellow membership of the Hong Kong Institution of Engineers in 2022. He is an advisor of the Innovation and Technology Support Programme Assessment Panel of the Innovation and Technology Fund, ITC. He is also an advisor to Hong Kong Science and Technology Park, the School of Optometry of The Hong Kong Polytechnic University, Hong Kong Centre for Cerebro-cardiovascular Health Engineering and a mentor to the School of Biomedical Sciences of The University of Hong Kong.

He served as the chairman of the biomedical division of the Hong Kong Institute of Engineers for a term from 2022 to 2024 and served as its vice chairman for the terms from 2014 to 2015, 2017 to 2018 and 2021 to 2022. He also serves as a professional assessor and a member of the accreditation committee for the Hong Kong Institute of Engineers.

Mr. Zhang Changqing (張長青), aged 53, is the Head of Sales and Marketing (Greater China) of the Group. He is also a member of the Risk Management Committee and serves as a director of two subsidiaries of the Group. Mr. Zhang is primarily responsible for overseeing sales and business development in the PRC. He has over 21 years of experience in trading of medical devices since he joined the Group as marketing manager in March 2004. Mr. Zhang is the vice chairman of Guangdong Association of Medical Devices Industry* (廣東省醫療器械行業協會), Dongguan Association of Medical Devices Industry* (東莞市醫療器械行業協會) and Shenzhen Medical Device Quality Promotion Association* (深圳市醫療器械品質管制促進會).

Ms. Tsui Wing Kwan (徐詠琨), aged 44, is the Head of Corporate Sustainability and Development of the Group. She joined the Group in October 2016 and is responsible for matters relating to corporate sustainability development, investor relations and assists in strategic planning and execution of ad hoc projects for the Group. She obtained a bachelor of social science degree in journalism and communications in December 2003 and a master of science degree in finance in December 2009 from the Chinese University of Hong Kong. Prior to joining the Group, Ms. Tsui worked in a number of Hong Kong and Singapore listed companies. She has more than 18 years of experience in financial communications, investor relations and corporate finance.

Mr. Liang Kar Kaan (梁家侃), aged 58, is the Associate Director of Operations of the Group. He joined the Group in August 2018 and is primarily responsible for managing and leading the production operations, purchasing and sourcing of respiratory and imaging disposable businesses in Dongguan. He graduated from the Universiti Teknologi Malaysia with a bachelor's degree in mechanical engineering in September 1990. Before joining the Group, Mr. Liang was the operations manager of Infineon Technologies (Kulim) Sdn. Bhd., a production plant of Infineon Technologies AG (a world leader in semiconductor solutions) in Malaysia. He has over 28 years of experience in operations management.

Mr. Yeung Wing Fung (楊永峰), aged 49, is the Senior Operations Manager of the Group. He joined the Group in October 2014 and is primarily responsible for managing and leading the production operations (rehab business) in Dongguan. Before joining the Group, Mr. Yeung held managerial position in various textile trading companies. He has over 26 years of experience in operations management.

Mr. Bati Zuo (左立輝), aged 46, is the Senior Manager of Regulatory Affairs of the Group. He joined the Group in December 2023 and is primarily responsible for the overall product regulatory compliance of the Group. He obtained a bachelor degree of measurement and control technology and instrumentation from the Harbin University of Science and Technology (哈爾濱理工大學) in July 2001. Mr. Zuo has over 18 years of full product lifecycle compliance and quality management experience in the global medical device industry. Throughout his career, he has worked for multinational organisations (like Siemens MRI group and Philips) and domestic industry leaders (like Mindray). As a former head of quality and regulatory affairs at an FDA-regulated enterprise, Mr. Zuo demonstrated mastery in global quality system regulations and standards, and has successfully spearheaded the establishment of an FDA-compliant system in compliance with the international regulations.

Mr. Leung Ka Ming (梁家明), aged 50, is the Senior Manager (Tech & Innovation) of the Group. Mr. Leung joined the Group in March 2024 and is primarily responsible for product innovation and AI application development for products and manufacturing. He obtained a bachelor degree of mechanical engineering from The Hong Kong Polytechnic University in November 2000. Before joining the Group, Mr. Leung was the mechanical engineering lead of Philips Oral Healthcare (the pioneer of oral healthcare products) and the senior engineering manager of Techtronic Industries Company Limited (stock code: 669.HK, one of the well-known power tools, outdoor power equipment, hand tools, floorcare appliances products and solutions provider in worldwide). He has over 20 years of experience in strategic planning and new product development.

Ms. Lee Pui Wa (李佩華), aged 45, is the Senior Manager (Rehabilitation Business) of the Group. Ms. Lee joined the Group in November 2023 and is primarily responsible for overseeing the rehab business operation and implementing the rehab business plans of the Group. She obtained a bachelor degree of medicine majoring in public health from the Guangdong Pharmaceutical University (廣東藥科大學) in June 2004. Before joining the Group, Ms. Lee worked at Town Health International Medical Group Limited (stock code: 3886.HK), where her last position was the general manager (clinic operations) and responsible for the management of medical projects in the PRC and the medical business in Hong Kong. She has over 15 years of experience in medical and healthcare industry.

* *For identification purpose only.*

The Board is pleased to present to the Shareholders their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaging in the research and development, manufacture and sales of a wide range of medical devices to our customers around the globe, focusing on respiratory care, imaging disposable, and orthopaedic and rehabilitation products. Our products include a range of electronic medical devices such as high-flow oxygen therapy devices, respiratory humidification systems, rehabilitation devices, as well as the related disposables in respiratory care and anesthesiology. With our production bases in Dongguan, the PRC, along with the R&D and regulatory divisions in Dongguan Songshan Lake Technology Industrial Park, we are dedicated to bringing innovative, high-quality and reliable medical technologies and devices to the market. There were no significant changes in the nature of the Group's principal activities during the Year.

Details of the principal activities of the Company's principal subsidiaries are set out in Note 42 to the consolidated financial statements of this annual report. The segment information of the operations of the Group for the Year is set out in Note 10 to the consolidated financial statements of this annual report.

BUSINESS AND FINANCIAL REVIEW

A fair review of the Group's business and financial, and the discussion and analysis of the Group's performance for the Year as well as the prospects of the Group's future business development, are provided in the sections "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. No important event affecting the Group has occurred since the end of the financial year ended 31 December 2024 and up to the Date of Annual Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's businesses, financial conditions, operations results and growth prospects may be affected by risks and uncertainties directly or indirectly. The risk factors set out below are those that could result in the Group's businesses, financial conditions, operations results and growth prospects differing materially from expected or historical results. There may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

(a) Global Economy

As a global medical devices and disposables supplier, the Group is exposed to the developments in the global economy as well as developments in the geographical markets in which it operates. As a result, the Group's financial conditions and results of operations may be influenced by the general state of the global economy or a specific market or economy.

Continued trade protectionism, fluctuation of major currencies, increasing international geopolitical tensions, supply chain disruptions, high interest rates and persistent inflationary pressure in some countries, tightening fiscal policy and monetary policy have created uncertainties and volatility in the world economy and global financial markets.

(b) Geopolitical Tensions, Political Unrest and Terrorist Attacks

The geopolitical tensions, political unrest or terrorist attacks have created a lot of uncertainties and risks on the global economy. This might have ripple effect on some of the Group's customers and business partners and create uncertainties to the Group's business in future. It might also drive up the price of the components of the Group's products, thereby increasing the costs of the Group. If any geopolitical tensions, political unrest or terrorist attacks continue to exacerbate and lead to an economic contraction, it might materially and adversely impact the Group's business and operations results.

(c) Customer Concentration

The Group generated 63.9% of revenue from the top five customers for the Year. Customer concentration exposes the Group to risks and factors affecting the performance of major customers and may subject us to fluctuations or decline in the Group's revenue. It may also result in difficulty for the Group to negotiate with such customers for satisfactory prices for the products and commercial terms. These risks result in a lack of predictability about the Group's sales, and any reduction in the order from and termination of business relationship with the major customers will have material adverse effect on the Group's business and results of operations.

(d) Product Development Risks

The actual timing of the introduction of each of the future products to the market could vary significantly due to a number of factors, many of which are outside the Group's control, including but not limited to, the difficulties and failures in R&D process, the availability of funds and the competition within the medical device market. In addition, clinical trials and product registration are inherently a lengthy and expensive process and there can be no assurance that the future products will meet the standards required to pass all necessary clinical trials. Failure to develop, obtain registration or approval for or commercialise the pipeline products could materially and adversely affect the Group's business and results of operations.

(e) Labour Costs and Shortage

In recent years, the Group has to face the problems of labour shortage and increase in labour costs. The utilisation of production facilities may be limited by the ability to recruit sufficiently skilled labour. Also, the Group is unable to offset such increase of labour costs by reducing other costs or passing it on to the Group's customers, thus the Group's business, financial condition and results of operations may be materially and adversely affected.

(f) Supply Chain

Currently, we purchase our raw materials only from the approved suppliers which meet our evaluation criteria and are listed on our approved supplier list. If the suppliers fail to supply raw materials in accordance with our delivery schedule, quality standards or product specifications, we may be forced to deliver our products on a delayed basis or cancel our product offering, either of which could harm our reputation and our relationships with distributors and consumers and expose us to the risks such as potential litigation and damage claims. Therefore, any disruption of logistics supply chain of raw materials could materially and adversely affect the Group's business and results of operations.

(g) Intellectual Property Infringement

The Group operates in an industry in which the Group and its competitors or customers may utilise or own similar technologies and product designs. Consequently, the Group, its competitors or customers may claim intellectual property rights over the technologies and product designs used in the products. Legal proceedings involving intellectual property rights can be expensive and time-consuming, and their outcomes are uncertain. Successful infringement claims by third parties against the Group could materially and adversely harm the Group's business and reputation.

(h) Change of Laws and Regulations

The medical device industry is highly regulated and each country or territory in which the Group sells its products is subject to its own robust legal and regulatory regime. Any change in the applicable laws, regulations, standards or import policies of overseas countries may prevent or restrict the Group from conducting certain aspects of its current business. There can be no guarantee that the Group will be able to retain its certificates and other licences required to sell its products. If such loss were to occur, it would restrict the Group's ability to service its customers or sell certain medical devices, which could have an adverse impact on its business, prospects and financial condition.

In case of a breach of laws and regulations, this could lead to litigation, investigations or disputes, resulting in additional costs being incurred, civil and/or criminal proceedings and reputational damage. It is therefore vital to closely monitor changes and developments in the regulatory environment and ensure that sufficient resources are made available to implement any required changes timely.

(i) Product Quality

The Group operates manufacturing facilities. Poor product quality could affect customer or public safety. Incidents of this nature could lead to product recall costs, legal liability and reputational damage. While the Group maintains product liability insurance coverage, there can be no assurance that the coverage will be applicable and adequate to cover all possible adverse outcomes of claims and legal proceedings against the Group. In addition, any lost confidence on the part of the Group's customers would be difficult and costly to re-establish. As such, any material issue regarding the safety of any products could materially and adversely affect the Group's business and results of operations.

(j) Climate Change

Some of the Group's assets and businesses, and many of the Group's customers and suppliers are located in areas that would be affected in the medium to long-term by climate change. Climate change may increase the frequency and intensity of extreme weather events, and some of which can result in natural disasters. It could disrupt supply chains, interrupt business operations and cause financial and physical damages. Alternation in weather patterns, such as typhoons, droughts, or rain amount may cause shortage of crops for food and other natural resources. The harsher temperatures in some locations may also pose increased risk for employees working in those locations. Changes in microclimates for certain locations may render certain businesses obsolete. Some governments are also beginning to introduce legislations or requirements to restrict emissions and other environmental protective measures. Regulations, disruption and damage arising from climate change could have a material impact on the Group's businesses and adversely affect the Group's financial conditions and results of operations.

Although the Group has not experienced any significant disruption or damage from climate change thus far, there can be no assurance that climate change and its impact including rising sea levels, prolonged droughts or heat waves and other extreme weather patterns will not occur and result in major disruption or damage to the Group's assets and businesses, which could materially and adversely affect the Group's financial condition and results of operations.

(k) Cybersecurity

With the fast expanding adoption of internet and networking operational technology, rapid development of AI technology, cyber attacks and security breaches around the world are occurring at a higher frequency and intensity. The Group's critical utility and information assets are prone to attack, damage or unauthorised access in the cyberspace. Cybersecurity risks could have material adverse effect on the operational and business performance, as well as the business reputation of the Group. The Group continuously strives to enhance the cybersecurity protection of its business.

(l) Public Health Emergency

Although COVID-19 no longer constitutes a public health emergency of international concern, the repercussions of the pandemic continue to affect different economies around the world, including the places of businesses in which the Group operates. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease, and if such an outbreak were to occur, it could have an adverse impact on the operations of the Group and its results of operations might suffer.

(m) Financial Risks

The Group's principal business activities are exposed to a variety of financial risks including foreign currency risk, credit risk, liquidity risk and interest rate risk. Details of the aforesaid key risks and risk mitigation measures are elaborated in Note 6 "Financial Risk Management" to the consolidated financial statements of this annual report.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The success of the Group also depends on the support from key stakeholders which comprise customers, suppliers, employees, regulators and Shareholders. During the Year, there were no material disputes between the Group and its key stakeholders.

Customers

The customers of the Group comprise generally the major international medical device companies, distributors and medical equipment manufacturers. The Group has been devoted to providing good customer service with the purpose of maintaining a stable and long-term business relationship.

Suppliers

Strong relationship with the Group's major suppliers constitutes one of the essential elements of the Group's success. To achieve positive business growth, the Group maintains close relationship with its major suppliers to ensure stability of supply. The Group also leverages on bulk purchases which enable the Group to purchase raw materials at competitive prices.

The Group purchases raw materials, electronic materials and packing materials only from the approved suppliers which meet the Group's evaluation criteria and are listed on the Group's approved supplier list. The Group selects its major suppliers based on their technological capacity, quality control system, business reputation and production scale and regularly assesses them based on their product quality, price and delivery time. For the OEM segment, the Group is often required to purchase the relevant raw materials from suppliers as specified by the customers.

Employees

Employees are the most valuable asset of the Group. The Group strives to create a harmonious and safe working environment to all employees. The key objective of the Group's human resource management is to recognise and reward performing staff by providing competitive remuneration packages, good welfare benefits, continuous professional training, granting share options and implementing an effective performance appraisal system with appropriate incentives.

Regulators

The Company's shares are listed on the Main Board of the Stock Exchange and the Group is regulated by the Securities and Futures Commission of Hong Kong and other relevant authorities. The Group makes it a top priority to stay up to date and ensure compliance with new rules and regulations.

Shareholders

The Company considers that effective communication with the Shareholders is essential. The Board has established the Shareholders' Communication Policy which aims to promote effective communication between the Company and the Shareholders and other stakeholders and to enable the Shareholders to exercise their rights effectively in an informed manner.

Apart from transparent and timely disclosure of corporate information on the websites of the Company and the Stock Exchange, the senior management maintains regular dialogue with institutional investors through one-on-one meetings and electronic conferences. The Company considers stable and sustainable returns to the Shareholders to be the goal and endeavours to maintain the Dividend Policy. The Group will focus on its core business for achieving sustainable profit growth and rewarding the Shareholders with dividend after taking into account the business development needs and financial condition of the Group.

DISCLOSURES ON RISK MANAGEMENT AND ENVIRONMENTAL POLICIES

The Board is responsible for the Group's risk management and internal control systems, and has overall responsibility for the Group's ESG strategy and reporting to ensure that the ESG strategies and reporting requirements are met. Details of disclosures on risk management and environmental policies are set out in the sections "Corporate Governance Report" and "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

So far as the Board and the Company's management are aware, the Group has complied with the relevant laws and regulations that may cause a significant impact on the Group's businesses and operations in all material aspects. There was no material violation of or non-compliance with applicable laws and regulations by the Group during the Year.

RESULTS AND DIVIDENDS

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

A final dividend in respect of the year ended 31 December 2024 of HK1.7 cents (2023: HK1.5 cents) per Share has been proposed by the Board. Together with an interim dividend of HK1.6 cents per Share paid to the Shareholders on 27 September 2024 (2023: HK1.25 cents per Share paid to the Shareholders on 29 September 2023), the total dividend for the year ended 31 December 2024 is HK3.3 cents (2023: HK2.75 cents) per Share, in line with the Dividend Policy.

The proposed final dividend amounted to a total of approximately HK$11.1 million has to be approved by the Shareholders in the AGM to be held on 21 May 2025. These proposed dividends are not reflected as dividend payable in the consolidated statement of financial position as at 31 December 2024, but will be reflected as an appropriation of retained profits for the year ending 31 December 2025.

DIVIDEND POLICY

The Company has adopted the Dividend Policy, pursuant to which the Company may declare and distribute dividends to the Shareholders, provided that the Group records a profit after tax and that the declaration and distribution of dividends do not affect the normal operations of the Group.

The payment of any interim dividend or recommendation of the payment of any final dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's financial condition, results of operations, level of cash, statutory and regulatory restrictions in relation thereto, future prospects, and other factors that the Directors may consider relevant. The historical dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future. The payment of dividend is also subject to any restrictions under the laws of the Cayman Islands and the Articles of Association.

The Company intends to pay a total dividend in respect of each financial year of not less than 30% of the Group's consolidated profit attributable to the Shareholders for the years thereafter, subject to the criteria set out in the Dividend Policy.

The Board will monitor the implementation of the Dividend Policy. Also, the Board will review the Dividend Policy on a regular basis to ensure its effectiveness, and will discuss and approve any revisions that may be required.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the entitlement to attend and vote at the AGM to be held on Wednesday, 21 May 2025, the register of members of the Company will be closed from Friday, 16 May 2025 to Wednesday, 21 May 2025, both days inclusive, during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the AGM, the Shareholders must lodge all transfer forms accompanied by the relevant share certificates (together the "**Share Transfer Documents**") for registration no later than 4:30 p.m. on Thursday, 15 May 2025.

(2) The record date for ascertaining the Shareholders' entitlement to the proposed final dividend (subject to the approval of the Shareholders at the AGM) will be Monday, 2 June 2025. The register of members of the Company will be closed from Thursday, 29 May 2025 to Monday, 2 June 2025, both days inclusive, during which period no transfer of the Shares will be registered. In order to establish entitlements to the proposed final dividend, the Shareholders must lodge the Share Transfer Documents for registration no later than 4:30 p.m. on Wednesday, 28 May 2025.

(3) The Share Transfer Documents shall be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.

RESERVES

Movements in the reserves of the Company and of the Group during the Year are set out in Note 29(b) to the consolidated financial statements and the consolidated statement of changes in equity of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution to the Shareholders amounted to HK$184.2 million comprising amount from share premium account and retained profit.

Under the Cayman Companies Act and subject to the provisions of the Articles of Association, the Company's share premium account may be applied to pay distributions or dividends to the Shareholders provided that immediately following the date of distribution or dividend that is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets, equity and liabilities of the Group for each of the last five financial years ended 31 December 2024 is set out in the section "Five-Year Financial Summary" of this annual report. Such summary does not form part of the audited consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in Note 18 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of the movements in the Share capital of the Company during the Year are set out in Note 28 to the consolidated financial statements of this annual report.

PRE-EMPTIVE RIGHTS

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Year. As at 31 December 2024, no treasury shares were held by the Company.

DONATIONS

During the Year, the Group had made charitable donations of RMB130,000 (2023: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the aggregate sales attributable to the Group's five largest customers was 63.9% (2023: 58.0%). The sales attributable to the Group's largest customer during the Year was 50.6% (2023: 41.2%).

The aggregate purchases attributable to the Group's five largest suppliers during the Year was 32.8% (2023: 28.3%). The purchases attributable to the Group's largest supplier during the Year was 12.9% (2023: 8.7%).

None of the Directors, or any of their close associates or any Shareholders (who to the best knowledge of the Directors own more than 5% of the Company's issued Share capital) had any beneficial interest in the five largest customers or suppliers of the Group.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

DIRECTORS

The Directors during the Year and up to the Date of Annual Report were as follows:

Executive Directors

Mr. Choi Man Shing *(Chairman)*
Mr. Choi Cheung Tai Raymond *(CEO)*
Mr. Koh Ming Fai
Mr. Fu Kwok Fu

Non-executive Director

Dr. Leung Ming Chu

Independent Non-executive Directors

Mr. Mok Kwok Cheung Rupert
Mr. Au Yu Chiu Steven
Prof. Yung Kai Leung

Pursuant to Articles 84(1) and (2) of the Articles of Association, Mr. Choi Cheung Tai Raymond (an Executive Director), Mr. Au Yu Chiu Steven (an Independent Non-executive Director) and Prof. Yung Kai Leung (an Independent Non-executive Director) shall retire from office by rotation and be eligible for re-election at the AGM. Mr. Choi Cheung Tai Raymond, Mr. Au Yu Chiu Steven and Prof. Yung Kai Leung will offer themselves for re-election at the AGM.

The Company has received an annual confirmation of independence from each of the Independent Non-executive Directors and considers each of the Independent Non-executive Directors to be independent.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out in the section "Biographical Details of Directors and Senior Management" of this annual report.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Since the date of the 2024 interim report of the Company, the changes of Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Details of changes
Mr. Mok Kwok Cheung Rupert	• Ceased to be the Treasurer of the Executive Board of HKMHDIA with effect from 4 November 2024; • Appointed as the Deputy Chairman of the Executive Board of HKMHDIA with effect from 4 November 2024; • Ceased to be a member of the Innovation and Technology Fund Research Projects Assessment Panel (Biotechnology) of ITC with effect from 31 December 2024; and • Appointed as a member of the Expert Panel on the Designation of Designated Local Research Institutions of ITC with effect from 1 January 2025.

Saved for the above, there were no other changes to the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2024 interim report of the Company.

DIRECTORS' SERVICE AGREEMENTS

As at 31 December 2024, none of the Directors has entered or proposed to enter into any service agreements with the Company or any of its subsidiaries other than agreements expiring or terminable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS, CONTRACTS OF SIGNIFICANCE AND ASSETS

Save for the Directors' material interests in transactions, arrangements or contracts and related party transactions as disclosed in Notes 15(c) and 41, respectively, to the consolidated financial statements of this annual report, no other transaction, arrangement, contract of significance and assets to which the Company or any of its subsidiaries was a party and in which any Director (or any entity connected with such Director) had a material interest, whether directly or indirectly, subsisted during or at the end of the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year and up to the Date of Annual Report, to the best knowledge and belief of the Directors after having made all reasonable enquires, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save for the Directors' material interests in transactions, arrangements or contracts and related party transactions as disclosed in Notes 15(c) and 41, respectively, to the consolidated financial statements of this annual report, no contracts of significance were entered into between the Company or any of its subsidiaries and any Controlling Shareholder or its subsidiaries subsisted during or at the end of the Year.

PERMITTED INDEMNITY PROVISION

Subject to the Companies Ordinance, every Director is entitled under the Articles of Association to be indemnified and secured harmless out of the assets of the Company from and against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution or discharge of his duties.

The Company has arranged directors' and officers' liability insurance for all Directors and senior management of the Company, who subject to the applicable laws, will be indemnified against the costs, charges, expenses, losses and liabilities for legal action incurred by such Director or officer in the execution of his/her duties or otherwise in relation thereto.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

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

Interests in Shares and underlying Shares

Name of Director	Name of the Group member/ associated corporation	Capacity/ Type of interest	Number and class of shares (L) *(Note 1)*	Approximate percentage of shareholding
Mr. Choi	The Company	Beneficial owner/Interest of controlled corporations	393,189,890 Shares *(Note 2)*	60.18% *(Note 8)*
	VRI *(Note 3)*	Beneficial owner	2,750 ordinary shares of US$1.00 each	57.89%
		Interest of spouse *(Note 4)*	2,000 ordinary shares of US$1.00 each	42.11%
Mr. Raymond Choi	The Company	Beneficial owner	11,700,000 Shares *(Note 5)*	1.79% *(Note 8)*
Mr. Koh Ming Fai	The Company	Beneficial owner/ Interest of spouse	7,645,166 Shares *(Note 6)*	1.17% *(Note 8)*
Mr. Fu Kwok Fu	The Company	Beneficial owner/ Interest of spouse	7,867,166 Shares *(Note 7)*	1.20% *(Note 8)*

Notes:

(1) The letter "L" denotes the person's long position in the Shares or the underlying Shares or the shares in the share capital of the relevant associated corporation.

(2) These interests represented:

(a) 11,000,000 Shares held by Mr. Choi, the Chairman and an Executive Director;

(b) 381,939,890 Shares held by VRI. Mr. Choi holds 57.89% of the issued share capital of VRI. By virtue of the SFO, Mr. Choi is deemed to be interested in all the Shares in which VRI is interested; and

(c) 250,000 Shares held by VRHK. VRI holds the entire issued share capital of VRHK and therefore by virtue of the SFO, Mr. Choi is deemed to be interested in all the Shares in which VRHK is interested.

(3) As at 31 December 2024, VRI was the holding company of the Company, and hence an associated corporation of the Company under Part XV of the SFO.

(4) As at 31 December 2024, Ms. Liu holds 42.11% of the issued share capital of VRI. Since Ms. Liu is the spouse of Mr. Choi, Mr. Choi is deemed to be interested in all the shares in VRI in which Ms. Liu is interested by virtue of the SFO.

(5) These interests represented:

(a) 9,700,000 Shares held by Mr. Raymond Choi, the CEO and an Executive Director; and

(b) 2,000,000 options granted to Mr. Raymond Choi, which are subject to certain vesting conditions pursuant to the Terminated Share Option Scheme, details of which are set out in the section headed "Share Option Schemes and Share Award Scheme" in this directors' report.

(6) These interests represented:

(a) 4,941,166 Shares held by Mr. Koh Ming Fai, an Executive Director;

(b) 174,000 Shares held by the spouse of Mr. Koh Ming Fai. By virtue of the SFO, Mr. Koh Ming Fai is deemed to be interested in all the Shares in which his spouse is interested;

(c) 528,834 options granted to Mr. Koh Ming Fai, which are subject to certain vesting conditions pursuant to the Pre-IPO Share Option Scheme, details of which are set out in the section headed "Share Option Schemes and Share Award Scheme" in this directors' report; and

(d) 2,001,166 options granted to Mr. Koh Ming Fai, which are subject to certain vesting conditions pursuant to the Terminated Share Option Scheme, details of which are set out in the section headed "Share Option Schemes and Share Award Scheme" in this directors' report.

(7) These interests represented:

(a) 5,691,166 Shares held by Mr. Fu Kwok Fu, an Executive Director;

(b) 396,000 Shares held by the spouse of Mr. Fu Kwok Fu. By virtue of the SFO, Mr. Fu Kwok Fu is deemed to be interested in all the Shares in which his spouse is interested;

(c) 528,834 options granted to Mr. Fu Kwok Fu, which are subject to certain vesting conditions pursuant to the Pre-IPO Share Option Scheme, details of which are set out in the section headed "Share Option Schemes and Share Award Scheme" in this directors' report; and

(d) 1,251,166 options granted to Mr. Fu Kwok Fu, which are subject to certain vesting conditions pursuant to the Terminated Share Option Scheme, details of which are set out in the section headed "Share Option Schemes and Share Award Scheme" in this directors' report.

(8) Approximate percentage of shareholding of the Company was calculated based on the 653,336,332 Shares in issue as at 31 December 2024.

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES OF THE COMPANY

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

Interests in Shares

Name of Shareholder	Capacity/Type of interest	Number of Shares (L) *(Note 1)*	Approximate percentage of shareholding *(Note 4)*
Ms. Liu	Interest of spouse/Interest of controlled corporations	393,189,890 Shares *(Note 2)*	60.18%
VRI	Beneficial owner/Interest of a controlled corporation	382,189,890 Shares *(Note 3)*	58.50%

Notes:

(1) The letter "L" denotes the person/entity's long position in the Shares or the shares in the share capital of the relevant associated corporation.

(2) These interests represented:

(a) 11,000,000 Shares held by Mr. Choi. Mr. Choi is the spouse of Ms. Liu. By virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which Mr. Choi is interested;

(b) 381,939,890 Shares held by VRI. Ms. Liu holds 42.11% and Mr. Choi holds 57.89% of the issued share capital of VRI, respectively. By virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which VRI is interested; and

(c) 250,000 Shares held by VRHK. VRI holds the entire issued share capital of VRHK and therefore by virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which VRHK is interested.

(3) These interests represented:

(a) 381,939,890 Shares held by VRI; and

(b) 250,000 Shares held by VRHK. VRI holds the entire issued share capital of VRHK and therefore by the virtue of the SFO, VRI is deemed to be interested in all the Shares held by VRHK.

(4) Approximate percentage of shareholding of the Company was calculated based on the 653,336,332 Shares in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any other corporation or individual (other than the Directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or was recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and chief executive's interests and/or short positions in Shares, underlying Shares and debentures of the Company" above, at no time during the Year was the Group or any of the Company's holding company or subsidiaries of the Company's holding company a party to any arrangements to enable the Directors or the chief executives of the Company or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Save for the Pre-IPO Share Option Scheme, the Terminated Share Option Scheme, the New Share Option Scheme and the Amended Share Award Scheme as described below, no equity-linked agreements that will or may result in the Company issuing Shares nor require the Company to enter into an agreement that will or may result in the Company issuing Shares was entered into by the Company subsisted during or at the end of the Year.

SHARE OPTION SCHEMES AND SHARE AWARD SCHEME

1. Pre-IPO Share Option Scheme adopted on 17 June 2016

The Pre-IPO Share Option Scheme was adopted by the Company on 17 June 2016. The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain executives, Directors, employees and/or consultants of the Group to the growth of the Group by granting options to them as rewards and further incentives. The Pre-IPO Share Option Scheme will expire on 16 June 2026 and the remaining life of the Pre-IPO Share Option Scheme as at the Date of Annual Report is around 1 year.

Pursuant to the Pre-IPO Share Option Scheme, on 17 June 2016, the Company conditionally granted the options to subscribe for an aggregate of 19,684,000 Shares to a total of 91 grantees at exercise price of HK$0.80 per Share which is an amount equal to 80% of the final price (i.e. HK$1.00) for each offer share of the Hong Kong public offering and the international placing in connection with the Company's listing of the Shares on the Main Board of the Stock Exchange on 13 July 2016. A consideration of HK$1.00 was payable by each grantee upon acceptance of the offer of the option. Save for the options which have been granted on 17 June 2016, no further options will be granted under the Pre-IPO Share Option Scheme.

For the Year, no share options were exercised in accordance with the terms of the Pre-IPO Share Option Scheme and no share options were cancelled or lapsed.

As at 31 December 2024 and the Date of Annual Report, the respective total number of Shares available for issue upon exercise of all outstanding options granted under the Pre-IPO Share Option Scheme was 1,986,668 Shares, representing approximately 0.3% of the Company's issued share capital as at such dates.

Details of the outstanding share options under the Pre-IPO Share Option Scheme during the Year are as follows:

					Number of Shares underlying the share options granted				
Grantee	Date of grant	Vesting schedule	Exercise period	Exercise price *(HK$)*	Outstanding as at 1 January 2024	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	Outstanding as at 31 December 2024
Directors									
Mr. Koh Ming Fai	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020, respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020, respectively to 16 June 2026	0.80	528,834	–	–	–	528,834
Mr. Fu Kwok Fu	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020, respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020, respectively to 16 June 2026	0.80	528,834	–	–	–	528,834
In aggregate					**1,057,668**	**-**	**-**	**-**	**1,057,668**
Senior management and other employees									
In aggregate	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020, respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020, respectively to 16 June 2026	0.80	**929,000**	**-**	**-**	**-**	**929,000**
Total					**1,986,668**	**-**	**-**	**-**	**1,986,668**

2. **Share Option Scheme adopted on 24 June 2016 and terminated on 22 May 2024**

The Terminated Share Option Scheme was adopted by the Company on 24 June 2016 and was terminated on 22 May 2024 (the "**Termination Date**") pursuant to the passing of a resolution by the Shareholders on the annual general meeting of the Company held on 22 May 2024. The purpose of the Terminated Share Option Scheme is to recognise and acknowledge the contributions of eligible participants of the Terminated Share Option Scheme including any executive, Director, employee, advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services or business or joint-venture partner to the Group by granting options to them as incentives or rewards.

The initial total number of Shares which may be issued upon exercise of all options to be granted under the Pre-IPO Share Option Scheme and the Terminated Share Option Scheme shall not in aggregate exceed 63,800,000 Shares, being 10% of the total number of Shares in issue at the time dealings in the Shares first commenced on the Stock Exchange. The total number of Shares issued and to be issued upon the exercise of the options granted under the Terminated Share Option Scheme (including exercised, cancelled and outstanding options) to each eligible participant in any 12 consecutive months up to and including the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

The maximum number of share options available for grant under the Terminated Share Option Scheme as at 1 January 2024 was 35,668 Shares, representing approximately 0.0055% of the Company's issued share capital as at such date. Share options granted prior to the Termination Date shall continue to be valid and exercisable in accordance with the rules of the Terminated Share Option Scheme. No further options can be granted under the Terminated Share Option Scheme after the Termination Date. In other words, the number of share options available for grant under the Terminated Share Option Scheme was nil as at 31 December 2024.

For each of the previous grant of share options under the Terminated Share Option Scheme, the exercise price per Share was determined by the Board and notified to the grantee at the time of offer of the options. The exercise price should at least be the highest of:

(i) the nominal value of the Shares;

(ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer, which must be a day on which the Stock Exchange is open for the business of dealing in securities (the "**Business Day**"); and

(iii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the date of offer,

or (where applicable) such price as from time to time adjusted pursuant to the Terminated Share Option Scheme.

Also, a consideration of HK$1.00 was payable by each grantee upon acceptance of an offer of the option. Any offer of option may be accepted in writing received by any Director or the secretary of the Company until 5:00 p.m. on the date specified in the offer provided that no such offer shall be open for acceptance after expiry of the scheme period or the termination of the Terminated Share Option Scheme. The vesting period of the option was determined by the Board at the time of the offer of the option. No performance targets were attached to share options granted under the Terminated Share Option Scheme.

For the period from 1 January 2024 and up to the Termination Date, no options were granted pursuant to the Terminated Share Option Scheme. For the Year, a total of 1,100,000 share options were lapsed in accordance with the terms of the Terminated Share Option Scheme and no share options were exercised or cancelled.

As at 31 December 2024 and the Date of Annual Report, the respective total number of Shares available for issue upon exercise of all outstanding options granted under the Terminated Share Option Scheme was 27,586,332 Shares, representing approximately 4.22% of the Company's issued share capital as at such dates.

Details of the outstanding share options under the Terminated Share Option Scheme during the Year are as follows:

						Number of Shares underlying the share options granted				
Grantee	Date of grant	Vesting schedule	Exercise period	Exercise Price (HK$)	Outstanding as at 1 January 2024	Granted during the Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	Outstanding as at 31 December 2024
Directors										
Mr. Raymond Choi	25 August 2021	25% of options will vest on each of 25 August 2022, 2023, 2024 and 2025, respectively	25% of options will be exercisable from each of 25 August 2022, 2023, 2024 and 2025, respectively to 23 June 2026	1.14	1,000,000	-	-	-	-	1,000,000
	13 June 2022	25% of options will vest on each of 13 June 2023, 2024, 2025 and 2026, respectively	25% of options will be exercisable from each of 13 June 2023, 2024, 2025 and 2026, respectively to 23 June 2026	0.80	1,000,000	-	-	-	-	1,000,000
Mr. Koh Ming Fai	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022, respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022, respectively to 23 June 2026	0.80	1,500,000	-	-	-	-	1,500,000
	13 June 2022	25% of options will vest on each of 13 June 2023, 2024, 2025 and 2026, respectively	25% of options will be exercisable from each of 13 June 2023, 2024, 2025 and 2026, respectively to 23 June 2026	0.80	501,166	-	-	-	-	501,166

						Number of Shares underlying the share options granted				
Grantee	**Date of grant**	**Vesting schedule**	**Exercise period**	**Exercise Price** *(HK$)*	**Outstanding as at 1 January 2024**	**Granted during the Year**	**Exercised during the Year**	**Cancelled during the Year**	**Lapsed during the Year**	**Outstanding as at 31 December 2024**
Mr. Fu Kwok Fu	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022, respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022, respectively to 23 June 2026	0.80	750,000	–	–	–	–	750,000
	13 June 2022	25% of options will vest on each of 13 June 2023, 2024, 2025 and 2026, respectively	25% of options will be exercisable from each of 13 June 2023, 2024, 2025 and 2026, respectively to 23 June 2026	0.80	501,166	–	–	–	–	501,166
In aggregate					**5,252,332**	**-**	**-**	**-**	**-**	**5,252,332**
Senior management and other employees	28 May 2018	25% of options will vest on each of 28 May 2019, 2020, 2021 and 2022, respectively	25% of options will be exercisable from each of 28 May 2019, 2020, 2021 and 2022, respectively to 23 June 2026	0.80	3,950,000	–	–	–	–	3,950,000
	25 March 2019	25% of options will vest on each of 25 March 2020, 2021, 2022 and 2023, respectively	25% of options will be exercisable from each of 25 March 2020, 2021, 2022 and 2023, respectively to 23 June 2026	0.80	1,550,000	–	–	–	–	1,550,000
	25 August 2021	25% of options will vest on each of 25 August 2022, 2023, 2024 and 2025, respectively	25% of options will be exercisable from each of 25 August 2022, 2023, 2024 and 2025, respectively to 23 June 2026	1.14	6,992,000	–	–	–	(300,000)	6,692,000
	13 June 2022	25% of options will vest on each of 13 June 2023, 2024, 2025 and 2026, respectively	25% of options will be exercisable from each of 13 June 2023, 2024, 2025 and 2026, respectively to 23 June 2026	0.80	10,942,000	–	–	–	(800,000)	10,142,000
In aggregate					**23,434,000**	**-**	**-**	**-**	**(1,100,000)**	**22,334,000**
Total					**28,686,332**	**-**	**-**	**-**	**(1,100,000)**	**27,586,332**

3. **Share Option Scheme adopted on 22 May 2024**

The New Share Option Scheme was adopted by the Company on 22 May 2024 (the "**Adoption Date**"). The adoption of the New Share Option Scheme was to replace the Terminated Share Option Scheme, in light of the amendments made to Chapter 17 of the Listing Rules relating to share schemes which took effect on 1 January 2023. The purpose of the New Share Option Scheme is to enable the Group to grant share options (the "**Options**") to the eligible participants (including employee participants, related entity participants and service providers (the "**Service Providers**") as defined in the New Share Option Scheme, collectively the "**Share Option Eligible Participants**") as incentives or rewards for their contribution to the Group and/or to enable the Group to attract, recruit and retain high-calibre personnel that are valuable to the Group and whose contributions are important to the long-term growth and profitability of the Group. The New Share Option Scheme will expire on 21 May 2034 and the remaining life of the New Share Option Scheme as at the Date of Annual Report is around 9 years. A summary of rules of the New Share Option Scheme is set out in Appendix III to the Company's circular dated 19 April 2024.

The subscription price in respect of any particular Option will be such price as determined by the Board in its discretion at the time of the grant of the relevant Option but in any event the subscription price shall be at least the highest of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer, which must be a Business Day; (ii) the average of the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 Business Days immediately preceding the date of offer; and (iii) the nominal value of the Shares on the date of offer.

An offer shall be deemed to have been accepted by an Share Option Eligible Participant concerned in respect of all Shares under the Option which are offered to such Share Option Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Share Option Eligible Participant with the number of Shares in respect of which the offer is accepted as stated therein, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from the date of offer). Such remittance shall in no circumstances be refundable.

The vesting period of the Options granted under the New Share Option Scheme shall be determined by the Board subject to a minimum period of no less than 12 months. The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the offer of the grant of the relevant Option, there is no performance target which must be achieved before an Option can be exercised under the rules of the New Share Option Scheme nor any clawback mechanism for the Company to recover or withhold any Options granted to any Share Option Eligible Participant.

As at 31 December 2024 and the Date of Annual Report, the respective maximum number of Options available for grant under the New Share Option Scheme was 65,333,633 Shares (representing 10% of the Company's issued share capital as at such dates), which is also subject to the limitation of the Scheme Mandate Limit and the Service Provider Sublimit (each as defined below).

During the period from the Adoption Date to 31 December 2024, and up to the Date of Annual Report, no Options were granted pursuant to the New Share Option Scheme.

4. **Share Award Scheme adopted on 2 December 2021 and amended on 22 May 2024**

The Share Award Scheme was initially adopted by the Company on 2 December 2021 and as amended and restated on 22 May 2024, so as to bring the Share Award Scheme in line with the amendments made to Chapter 17 of the Listing Rules relating to share schemes which took effect on 1 January 2023. The Amended Share Award Scheme had incorporated and consolidated all the proposed amendments to the Share Award Scheme, the details of which are set out in Appendix IV to the Company's circular dated 19 April 2024.

The purposes of the Amended Share Award Scheme are to through the Shares awarded or provisionally awarded (the "**Award(s)**" or "**Award Share(s)**") (a) to recognise and reward the contribution of certain eligible participants (including employee participants and related entity participants as defined in the Amended Share Award Scheme, collectively the "**Share Award Eligible Participants**") to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (b) to attract suitable personnel for further development of the Group. The Amended Share Award Scheme will expire on 1 December 2031 and the remaining life of the Amended Share Award Scheme as at the Date of Annual Report is around 7 years.

Subject to the terms and conditions of the Amended Share Award Scheme and the requirements of the Listing Rules, the Board or a duly authorised committee or other person(s) from time to time delegated by the Board with the power and authority to administer the Amended Share Award Scheme (the "**Committee**") may, from time to time at its absolute discretion, select any Share Award Eligible Participants to participate in the Amended Share Award Scheme as a selected participant (the "**Selected Participant**"), make an offer to the Selected Participants and grant Award Shares to such Selected Participants, and such Award Shares can be satisfied by (i) Shares purchased by the trustee on the Stock Exchange or off the market as directed by the Board or the Committee, the purchase price for such purchases shall not be higher than the lower of the following: (1) the closing market price on the date of such purchase, and (2) the average closing market price for the 5 preceding trading days on which the Shares were traded on the Stock Exchange; or (ii) new Shares to be subscribed by the trustee, with the Company having complied with the applicable Listing Rules (in particular Chapter 17 of the Listing Rules) and subject to the limitation of the Scheme Mandate Limit (as defined below).

Upon approval of any grant of Award(s) by the Board to any Selected Participant, the Board or the Committee shall notify the Selected Participant by a written award notice of the terms and conditions of any Award, including but not limited to any purchase price of the Award Shares, vesting schedule and vesting conditions relating to the performance targets and/or clawback mechanism. An Award shall be deemed to be irrevocably declined by a Selected Participant unless the Selected Participant shall within 5 Business Days (or if any, such other period as prescribed on the notice given to the Selected Participant as referred hereto) after receipt of such notice from the Board or the Committee notify the Company in writing that he would accept such Award. The Selected Participants shall not be required to bear or pay any price or fee for the acceptance of an Award.

The vesting schedule is determined by the Board or the Committee at the time of the offer of the Award. The earliest vesting date shall be a date of at least 12 months following the date on which the Award was or is to be provisionally granted to the Selected Participant or such other period as the Listing Rules may prescribe or permit.

The maximum number of Awards available for grant under the Share Award Scheme as at 1 January 2024 was 32,820,516 Shares. Also, as at 31 December 2024 and the Date of Annual Report, the respective maximum number of Awards available for grant under the Amended Share Award Scheme was 32,820,516 Shares (representing 5.02% of the Company's issued share capital as at such dates), which is also subject to the limitation of the Scheme Mandate Limit.

As at 31 December 2024, the balance of number of Shares held by the trustee was 10,000,000 Shares, representing approximately 1.53% of the Company's issued share capital as at such date.

During the Year and up to the Date of Annual Report, no Award were granted pursuant to the Share Award Scheme and/or Amended Share Award Scheme.

5. **Scheme Mandate Limit and Service Provider Sublimit**

The total number of Shares which may be allotted and issued upon exercise of all Options and Awards to be granted under the New Share Option Scheme, the Amended Share Award Scheme and any other schemes shall not in aggregate 10% of the issued share capital of the Company as at its adoption date (the "**Scheme Mandate Limit**"). Within the Scheme Mandate Limit, a maximum of Shares being 1% of the issued share capital of the Company as at its adoption date (the "**Service Provider Sublimit**") has set for allotment and issue in respect of all Options to be granted to Service Providers under the New Share Option Scheme. The existing Scheme Mandate Limit and Service Provider Sublimit were adopted on 22 May 2024 (the "**Scheme Limit Adoption Date**") and were 65,333,633 Shares and 6,533,363 Shares, respectively, representing 10% of the issued share capital of the Company and 1% of the issued share capital of the Company, respectively as at such date.

As at the Scheme Limit Adoption Date, 31 December 2024 and the Date of Annual Report, the respective number of Options and Awards available for grant under the existing Scheme Mandate Limit was 65,333,633 Shares (representing 10% of the Company's issued share capital as at such dates). Within the Scheme Mandate Limit, the respective number of Options available for grant under the Service Provider Sublimit as at the Scheme Limit Adoption Date, 31 December 2024 and the Date of Annual Report was 6,533,363 Shares (representing 1% of the Company's issued share capital as at such dates).

The maximum entitlement of the participants under the New Share Option Scheme and the Amended Share Award Scheme shall be that any grant of Options or Awards to each such participant shall not result in the Shares issued and to be issued in respect of all Options and Awards granted (excluding any Options and Awards lapsed in accordance with the terms of the New Share Option Scheme and the Amended Share Award Scheme) to such participant in the 12-month period up to and including the date of such grant representing in aggregate to exceed the limits as set out below:

	Percentage of Shares in issue	
	New Share Option Scheme	**Amended Share Award Scheme**
Share Option/Share Award Eligible Participant (other than those as provided for in this table below) *(Note 1)*	1%	1%
Director (other than an Independent Non-executive Director) or chief executive of the Company, or any of their associates *(Note 2)*	1%	0.1%
Independent Non-executive Director or a substantial Shareholder or any of their respective associates *(Note 2)*	0.1%	0.1%

Notes:

(1) In case of any further grant of Options or Awards exceeding the above percentage of Shares in issue, such further grant of Options or Awards must be separately approved by the Shareholders in a general meeting of the Company with such participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting and subject to the terms and conditions provided under the New Share Option Scheme or the Amended Share Award Scheme as the case may be.

(2) In case of any further grant of Options or Awards exceeding the above percentage of Shares in issue, such further grant of Options or Awards must be separately approved by the Shareholders in a general meeting of the Company with such participant and his/her close associates and all core connected persons of the Company abstaining from voting and subject to the terms and conditions provided under the New Share Option Scheme or the Amended Share Award Scheme as the case may be.

For the Year, as no Options and Awards have been granted, the number of Shares that may be issued in respect of Options and Awards granted under all schemes (i.e. the Pre-IPO Share Option Scheme, the Terminated Share Option Scheme, the New Share Option Scheme and the Amended Share Award Scheme) of the Company during the Year is 0 Share, and divided by the weighted average number of Shares of 653,336,332 Shares as at 31 December 2024 is 0%.

Further details of the share options and share awards are set out in Note 31 to the consolidated financial statements of this annual report.

REMUNERATION POLICY

The remuneration policy of the Company is designed in a way to support the Company's strategies and long-term vision, provide adequate motivational incentive for Directors, senior management and all employees to pursue long-term growth and success of the Company, and attract and retain experienced people of high calibre to oversee the Company's business and development. It is essential for achieving its strategic vision of gaining a competitive advantage.

Base salary is determined based on the particular job responsibilities, duties and scope of each position. The Company should also provide a range of benefits and allowances to maintain employee wellness and engagement in compliance with local regulations of relevant countries and the Company's contractual agreement with its employees.

Annual salary adjustment and discretionary bonus are considered according to operating results of the Group, environment of human resources market and performance of individual employee. Such calculation base is determined and recommended by the senior management and reviewed by the Remuneration Committee for the Board's approval.

In compliance with the CG Code, the Company has established the Remuneration Committee to formulate remuneration policies. Directors' remunerations are subject to the Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties and responsibilities, the recommendations of the Remuneration Committee and the performance and results of the Group.

Details of the remuneration of the Directors and the five highest paid individuals of the Group are set out in Notes 15(a) and 14(b) to the consolidated financial statements of this annual report, respectively.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the section "Corporate Governance Report" of this annual report.

MANAGEMENT CONTRACTS

During the Year, the Company has not entered into any contract with any individuals, firms or corporate entities to manage or regulate the whole or any substantial part of any business of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Company had maintained a sufficient public float of not less than 25% of its total issued Shares as required under the Listing Rules during the Year and up to the Date of Annual Report.

DEED OF NON-COMPETITION

During the Year, the Controlling Shareholders have confirmed to the Company of their compliance with the non-competition undertakings provided to the Company under a deed of non-competition entered into between the Controlling Shareholders and the Company dated 24 June 2016.

The Independent Non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the Controlling Shareholders and duly enforced during the Year.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by RSM Hong Kong. They will retire at the conclusion of the forthcoming AGM and be eligible to offer themselves for re-appointment. A resolution will be submitted to the AGM to be held on 21 May 2025 to seek the Shareholders' approval on the appointment of RSM Hong Kong as the Company's auditor until the conclusion of the next annual general meeting and to authorise the Board to fix their remuneration.

RELATED PARTY TRANSACTIONS

A summary of the significant related party transactions which were conducted in the ordinary course of business during the Year are set out in Note 41 to the consolidated financial statements of this annual report.

Save for those transactions as disclosed under the paragraph headed "Continuing Connected Transactions" below, all other related party transactions were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. The Company has complied with the applicable requirements under the Listing Rules for those related party transactions which constituted non-fully exempt and non-exempt continuing connected transactions under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into the following plastic and metal services agreement (the "**Plastic and Metal Services Agreement**") dated 13 December 2023 with VRDG. These transactions contemplated under the Plastic and Metal Services Agreement have constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.

	Plastic and Metal Services Agreement
Parties	VMDG as purchaser VRDG as supplier *(Note 1)*
Effective period	1 January 2024 to 31 December 2024 (both days inclusive) *(Note 2)*
Nature of transaction	VRDG agreed to supply certain plastic and metal components and provide painting, embossing, repairing and moulding services to VMDG.
Termination	Either party to the Plastic and Metal Services Agreement may terminate the agreement by giving the other party not less than three months' notice.
Pricing basis	The price of the plastic and metal components and painting and moulding services provided by VRDG under the Plastic and Metal Services Agreement was determined based on market price or VRDG's actual cost plus 10% margin, whichever is lower.
Annual cap	For the year ended 31 December 2024: HK$10,700,000

Notes:

1. VRDG is an indirect wholly-owned subsidiary of VRI, the Controlling Shareholder. Accordingly, VRDG is a connected person of the Company under Chapter 14A of the Listing Rules.

2. As the Plastic and Metal Services Agreement was expired on 31 December 2024, the Group has entered into the plastic and metal services renewal agreement with VRDG on 17 December 2024 to continue to above services for a term of one year from 1 January 2025 to 31 December 2025. For details, please refer to the Company's announcement dated 17 December 2024.

During the Year, VMDG paid approximately HK$7.2 million to VRDG pursuant to the Plastic and Metal Services Agreement. The Company has followed the above pricing policies when determining the price and terms of the transactions contemplated under the Plastic and Metal Services Agreement conducted during the Year.

Internal Control

In order to ensure the terms of the non-exempt continuing connected transactions are on normal commercial terms and fair and reasonable to the Company and the Shareholders and are no more favourable than those offered by the Group to the Independent Third Party, the Company has formulated the following internal control policies and adopted the following internal control measures for the Year:

(i) the finance manager of finance department of the Company has closely monitored the transactions contemplated under the Plastic and Metal Services Agreement to ensure that the transactions amount has not exceeded the annual cap for the Plastic and Metal Services Agreement;

(ii) the purchasing department of the Company has monitored the demands and prices of the plastic and metal components and painting and moulding services and obtained comparable quotations from Independent Third Party suppliers. It will inform the finance department any irregularity;

(iii) the finance manager of finance department of the Company has conducted regular random checks to review and assess whether the transactions contemplated under the Plastic and Metal Services Agreement are conducted on normal commercial terms by reviewing the comparable quotations obtained from the Independent Third Party suppliers by the purchasing department of the Company, in accordance with the terms set out in the Plastic and Metal Services Agreement and whether the service fees and relevant contract terms are in the interest of the Company and the Shareholders as a whole;

(iv) pursuant to Rule 14A.55 of the Listing Rules, the Independent Non-executive Directors have reviewed the transactions contemplated under the Plastic and Metal Services Agreement and confirmed that they have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and

(v) the Company's auditor, RSM Hong Kong, has conducted an annual review of the transactions contemplated under the Plastic and Metal Services Agreement to ensure that the transactions amount is within the annual cap and the transactions are in accordance with the terms set out in the Plastic and Metal Services Agreement. Also, pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. RSM Hong Kong has issued the unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules.

COMPLIANCE WITH THE SANCTIONS UNDERTAKING

As disclosed in the prospectus issued by the Company dated 30 June 2016, the Company has, amongst others, undertaken to the Stock Exchange that it would not use the proceeds from the Hong Kong public offering and the international placing in connection with the Company's listing of the Shares on the Main Board of the Stock Exchange on 13 July 2016, or any other funds raised through the Stock Exchange, to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any other government, individual or entity sanctioned country which are prohibited under international sanction laws and regulations or with any sanctioned person (the "**Sanctions Undertaking**"). To ensure compliance with the Sanctions Undertaking, the Company has adopted enhanced internal control and risk management measures in order to continuously monitor and evaluate the business and take measures to protect the interests of the Group and the Shareholder from economic sanctions risks.

During the Year, the Risk Management Committee maintained the internal control and risk management policies and procedures, amongst others, to keep updating the sanctions countries list with customers periodically and to investigate customer background so as to ensure the nature and location of the activities or business, as well as the identity of the counterparties and the products involved, if necessary, etc., would not violate the Sanctions Undertaking. In the opinion of the Directors, the Company has complied with the Sanctions Undertaking for the Year.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Reporting Period up to the Date of Annual Report.

PUBLICATION OF ANNUAL REPORT

This annual report containing all the relevant information required by the Listing Rules and the relevant laws and regulations has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.vincentmedical.com).

By Order of the Board

Choi Man Shing
Chairman and Executive Director

Hong Kong, 19 March 2025

1. INTRODUCTION

The Board and the management of the Company are committed to achieving and maintaining the highest possible standards of corporate governance, and strive to maintain transparent, responsible and value-driven management practices that will enhance and safeguard the interests of the Shareholders. The Board believes that effective and good corporate governance is an essential platform for creating value for the Shareholders. The Board is committed to continuously reviewing and improving the Group's corporate governance practices, and maintaining the highest standards of ethical corporate behaviour across the organisation.

2. CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles and code provisions set out in the CG Code as contained in Part 2 of Appendix C1 to the Listing Rules and its subsequent amendments from time to time as its own code of corporate governance. The corporate governance principles of the Company emphasise a quality Board, sound internal controls and risk management, and transparency and accountability to all Shareholders. In the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code throughout the Year and up to the Date of Annual Report.

In December 2021, the Stock Exchange published the "Consultation Conclusions of Review of Corporate Governance Code & Related Listing Rules, and Housekeeping Rule Amendments", which sets out the amendments to the CG Code and the related Listing Rules. Most of the amendments are applicable to the corporate governance reports for financial year commencing on or after 1 January 2022. A good part of the new requirements under the amended CG Code have long been adopted by the Group as our corporate governance practices over the years. These are highlighted in the following table:

New Requirements	Group's practices
To align the company's culture with its purpose, values and strategy (Code Provision A.1.1)	A healthy corporate culture across the Group is vital for the Group to achieve its vision and mission towards sustainable growth. It is the Board's role to foster a corporate culture with the core principles to guide the behaviours of its employees, and ensure that the Company's vision, values and business strategies are aligned with it. Details are explained in the section headed "Corporate Strategy, Business Model and Culture" in this corporate governance report.
To establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations (Code Provision D.2.7)	The Anti-corruption Policy was first adopted by the Company on 17 August 2021. The policy covers activities such as anti-corruption, code of conduct, guidance on gifts, entertainment and gratuities, the Group's expectations and requirements of business ethics, as well as preventive, control and remedial measures, investigation and reporting mechanism of suspected corruption practices. Any convicted cases will be reported to the Board and the Audit Committee. For details, please refer to the section headed "Risk Management and Internal Control – Anti-corruption Policy" of this corporate governance report.

New Requirements	Group's practices
To establish whistleblowing policy and system (Code Provision D.2.6)	The Whistleblowing Policy was adopted by the Company on 23 March 2022. The policy covers its scope, protection and safeguards to whistleblowers, as well as procedures for reporting and investigation. For details, please refer to the section headed "Risk Management and Internal Control – Whistleblowing Policy" of this corporate governance report.
Communications with shareholders and annual review (Paragraph L of the Mandatory Disclosure Requirements)	The Shareholders' Communication Policy was first adopted by the Company on 24 June 2016. It aims to promote effective communication between the Company and the Shareholders and other stakeholders, and to enable the Shareholders to exercise their rights as shareholders effectively in an informed manner. The Shareholders' Communication Policy is reviewed by the Board on a regular (not less than an annual) basis to ensure its implementation and effectiveness. For details, please refer to the section headed "Investor Relations – Shareholders' Communication Policy" of this corporate governance report.
Annually review the board diversity policy; and disclose the mechanism(s) to ensure independent views and input are available to the board, and annual review of the implementation and effectiveness of such mechanism(s) (Code Provisions B.1.3 and B.1.4)	The Board Diversity Policy was first adopted by the Company on 24 June 2016 and is subject to annual review by the Nomination Committee and the Board to ensure its effectiveness. The Board Diversity Policy formally recognises the practice of ensuring that independent views and input are made available to the Board. For details, please refer to the section headed "Board of Directors – Board Independence" in this corporate governance report. The Board is committed to assessing the independence of the Independent Non-executive Directors annually and ensuring that independent views and input are made available to the Board.
Gender diversity targets at board level and across workforce Board level – to set and disclose the numerical targets and timelines for achieving gender diversity. Workforce level – to disclose and explain the gender ratio (including senior management), any plans or measurable objectives the company has set for achieving gender diversity. (Paragraph J of the Mandatory Disclosure Requirements)	The Board currently has one female Director. Current female representation at Board level is 12.5%. Details of gender diversity at workforce level (including our senior management) are explained in the section headed "Board of Directors – Diversity" in this corporate governance report.

New Requirements	Group's practices
Nomination Committee chaired by the chairman of the Board or an independent non-executive director and comprising a majority of independent non-executive directors (Listing Rule 3.27A)	The Nomination Committee, which comprises a majority of Independent Non-executive Directors, has been chaired by the Chairman of the Board since the Company's listing of the Shares on the main board of the Stock Exchange on 13 July 2016 (the "**Listing**"). For details, please refer to the section headed "Nomination of Directors – Nomination Committee" of this corporate governance report.
To elaborate the linkage between corporate governance and ESG (Introductory paragraph in the CG Code, Principle D.2, Code Provisions D.2.2 and D.2.3)	The linkage is shown in the section headed "Environmental, Social and Governance Responsibility" of this corporate governance report and "ESG Governance Structure" of the ESG report.
To publish ESG reports at the same time as publication of annual reports (Listing Rule 13.91(5)(d) and paragraph 4(2)(d) of the ESG Reporting Guide)	The ESG Report has been published at the same time as the annual report for each year since the Listing.

3. CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

The ultimate goal of the Group is by putting every effort and its values of "Create Values for Better Lives" to ensure that the patient gets the best quality possible from our products. The responsibility in delivering this promise is from everyone at Vincent Medical. Our core mission and values embraced by the Group include:

Engagement	To engage and align all stakeholders towards the same goals and create mutual value.
Innovation	Combine cutting edge technologies with existing know-how to develop new products for wider clinical application.
Quality	Internationally-recognised quality system and continuous improvement in manufacturing process to drive product quality.
Reliability	The long-term business partner you can trust and collaborate with.

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's mission, values and business strategies are aligned to it.

Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct), the Anti-corruption Policy and the Whistleblowing Policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management is to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

4. BOARD OF DIRECTORS

4.1 Responsibilities of the Board

The Board under the leadership of the Chairman, which is accountable to the Shareholders for the long-term performance and success of the Company, has multiple responsibilities to the Company, including setting strategic goals, establishing long-term strategies, and ensuring that the necessary financial and human resources are in place for the Company to meet its business objectives. It is also tasked with establishing a framework of effective controls for managing risks, with the particular aim of safeguarding the Company's assets and the interests of the Shareholders. Further, the Board is responsible for reviewing the performance of the Company's management and, more generally, setting and consolidating the Company's values and standards. The Directors take decisions objectively in the best interests of the Company.

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 any conflict of interests), financial information and other significant operational matters of the Company. The Board is also responsible for implementing its decisions, coordinating and delegating the day-to-day operations and management functions of the Group to the management under periodic reviews.

Five Board committees, namely, the Audit Committee, the Nomination Committee, the Remuneration Committee, the Risk Management Committee and the ESG Committee, have also been established to oversee particular aspects of the Group's affairs and help the Board in the execution of its responsibilities. Each Board committee has its written terms of reference which clearly outline its authority, duties and the requirement to report back on its decisions or recommendations to the Board. The Board committees are provided with sufficient resources to discharge their duties.

The Directors can seek independent professional advice for performing their duties at the expense of the Company. Also, the Directors at all times have full access to information of the Group and they can also have access to information from the senior management of the Company independently. During the Year, the Directors were provided with periodically operating information on the Group's business, up-to-date performance and financial matters (including monthly updates on the Group's performance, position and prospects) as well as regular updates on applicable legal and regulatory requirements to enable the Board as a whole and each Director to discharge their duties.

Senior management is responsible for the management of day-to-day operations of the Company, including but not limited to implementing strategies and instructions determined by the Board, organising and coordinating the work among various departments and business units of the Company.

Other than the Non-executive Directors (including Independent Non-executive Directors), all Executive Directors are appointed on a full-time basis and have sufficient time to deal with the affairs of the Company. All Directors are required to fulfil their responsibilities as Directors of the Company and their common law duties as directors.

4.2 Board Composition

The structure, size and composition of the Board are subject to review from time to time to ensure that the Board (i) has a balanced composition of skills and experience appropriate for the business of the Group; and (ii) provides adequate checks and balances among the Directors to safeguard the interests of the Shareholders and to enable the Board to exercise independent judgment.

As at 31 December 2024 and as at the Date of Annual Report, the Board had a total of eight members, which comprised four Executive Directors, one Non-executive Director and three Independent Non-executive Directors. The composition of the Board in the Year and up to the Date of Annual Report, and the individual attendance records of each Director at the Board meetings, Board committees' meetings and general meeting in the Year are listed below:

	Number of meeting attended/held in 2024						
Name of Director	Board meetings	Audit Committee meetings	Nomination Committee meeting	Remuneration Committee meeting	Risk Management Committee meetings	ESG Committee meetings	General meeting
Executive Directors							
Mr. Choi Man Shing *(Chairman)*	5/5	N/A	1/1	1/1	N/A	N/A	1/1
Mr. Choi Cheung Tai Raymond *(CEO)*	5/5	N/A	N/A	N/A	N/A	N/A	1/1
Mr. Koh Ming Fai	5/5	N/A	N/A	N/A	2/2	N/A	1/1
Mr. Fu Kwok Fu	5/5	N/A	N/A	N/A	N/A	4/4	1/1
Non-executive Director							
Dr. Leung Ming Chu	5/5	N/A	N/A	N/A	N/A	N/A	1/1
Independent Non-executive Directors							
Mr. Mok Kwok Cheung Rupert	5/5	3/3	1/1	1/1	N/A	N/A	1/1
Mr. Au Yu Chiu Steven	5/5	3/3	N/A	N/A	N/A	N/A	1/1
Prof. Yung Kai Leung	5/5	3/3	1/1	1/1	N/A	N/A	1/1

The Board, through and by the Nomination Committee, has reviewed the membership, structure and composition of the Board at least annually to ensure that the Board has a balance of expertise, skills, experience and diversity of perspectives appropriate to the requirements of the business of the Group and a balanced composition of Executive and Non-executive Directors.

Biographical details of each of the existing Directors are set out in the "Biographical Details of Directors and Senior Management" section of this annual report. Such information is also available on the Company's website. In addition, a list containing the names of the Directors and their roles and functions is posted on the websites of the Stock Exchange and the Company. They are also reminded to notify the Company in a timely manner and confirm bi-annually to the Company any change of such information so that the Company will set out the change and the updated information regarding such Directors in the next published annual report and interim report of the Company (as the case maybe). The Independent Non-executive Directors are identified in all corporate communications that disclose the names of Directors.

4.3 Chairman and CEO

Mr. Choi Man Shing serves as the Chairman and Mr. Choi Cheung Tai Raymond serves as the CEO. Mr. Raymond Choi is (i) the son of Mr. Choi, an Executive Director, Chairman of the Board and the Controlling Shareholder; (ii) the son of Ms. Liu, the spouse of Mr. Choi and the Controlling Shareholder; and (iii) a director of VRI (the Controlling Shareholder) and certain of its subsidiaries. Notwithstanding the above relationship between the Chairman and CEO, the roles of the Chairman and CEO remain separated and the job responsibilities are not concentrated on any one individual.

The Chairman provides leadership for the Board and ensures effective performance of the duties of the Board and that all key and appropriate issues are discussed in a timely manner. With the support of other Executive Directors and the Company Secretary, the Chairman sets the agenda for each Board meeting taking into account, where appropriate, matters proposed by the other Directors for inclusion in the agenda, and ensures that all Directors receive adequate and accurate information, and are properly briefed on issues arising at Board meetings, on a timely manner.

The Chairman encourages and solicits opinions from the Directors and urges for Directors' active contribution to the Board's affairs, and takes the lead to ensure that the Board acts in the best interest of the Company. The Chairman promotes a culture of openness and a constructive relationship between Executive and Non-executive Directors, and encourages Directors with different views to voice their concerns. The Chairman allows sufficient time for discussion of issues and ensures that Board decisions fairly reflect Board consensus. Led by the Chairman, the Board and the management of the Company have taken appropriate steps to facilitate effective communication with the Shareholders and engagement with other stakeholders, and have put in place good corporate governance practices and procedures.

While the CEO is delegated with the authorities to focus on the Company's business development and daily management and operations generally. In view of a clear division of responsibilities between the Chairman and CEO, the Board considered that this structure would not impair the balance of power and authority of the Board.

4.4 Board Independence

The Board has maintained a balanced composition of Executive and Non-executive Directors, so that there is strong independence on the Board. As at 31 December 2024 and as at the Date of Annual Report, four out of the eight members of the Board are Non-executive Directors (including Independent Non-executive Directors) accounting for 50% of the Board. There is currently no Independent Non-executive Director who has served more than nine years.

The Company has three Independent Non-executive Directors, who are persons of high calibre with academic and professional qualifications in the fields of accounting, business management and engineering. During the Year, through (i) their active participation in the Board meetings and annual general meeting; (ii) their services on the Audit Committee, the Nomination Committee and the Remuneration Committee, respectively; and (iii) perusal of reports by and having dialogues with the management, the Independent Non-executive Directors have attended to corporate affairs and made a positive contribution to the development of the Group's strategy and policies through independent, constructive and informed comments.

Throughout the Year under review, the Board at all times fulfilled the requirement of Rules 3.10(1) and (2) and 3.10A of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors (representing at least one-third of the Board) with at least one Independent Non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

In order to ensure that independent views and input of the Independent Non-executive Directors are made available to the Board, the Board as well as the Nomination Committee are committed to assessing the Directors' independence annually with regards to all relevant factors related to the Independent Non-executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of any conflict of interest in their roles as Independent Non-executive Directors;
- no involvement in the daily management of the Company; and
- no financial dependent, business or family or other material relationships with other members of the Board or circumstances which would interfere with the exercise of their independent judgment.

The Company has received from each Independent Non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 3.13 of the Listing Rules. During the Year, the Chairman held two meetings with Independent Non-executive Directors (including Non-executive Director) without the presence of other Directors or executives of the Group to discuss issues that they wish to raise at the Board.

4.5 Appointment and Re-election of Directors

All Directors (including Independent Non-executive Directors) are subject to retirement by rotation at least once every three years. The Articles of Association also provides that 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 by rotation at each annual general meeting provided that every Director shall be subject to retirement at an annual general meeting at least once every three years, and those Directors newly 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. Each Director who is subject to retirement by rotation will be appointed by a separate resolution in the Company's annual general meeting.

Where a retiring Director, being eligible, offers himself/herself for re-election at general meetings in accordance with the Articles of Association and the CG Code, the Nomination Committee will consider and, if appropriate, recommend such retiring Director to stand for re-election by the Shareholders at the general meeting for the Board's consideration. When formulating such recommendations, the Nomination Committee will take into consideration the Articles of Association, the Director Nomination Policy and the Board Diversity Policy, as well as the Director's biographical details and diversity profile, and the contributions, performance and/or independent view he/she can bring to the Board.

4.6 Board Diversity Policy

The Company first adopted the Board Diversity Policy on 24 June 2016, which aims to set out the approach to achieve diversity on the Board. The vision of this policy, together with the policy statement and measurable objectives set for implementing this policy, and the progress made towards achieving those objectives are disclosed as below.

Vision – The Company continuously seeks to maintain the highest standards of corporate governance, and recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

Policy Statement – In designing the Board's composition, the Company sees diversity as a wide concept and Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives – The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximise the Board's effectiveness. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Implementation and Monitoring – The Nomination Committee, together with the Board, will monitor the implementation of the Board Diversity Policy, and will review the Board Diversity Policy, as appropriate (and not less than an annual basis), to ensure its effectiveness. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

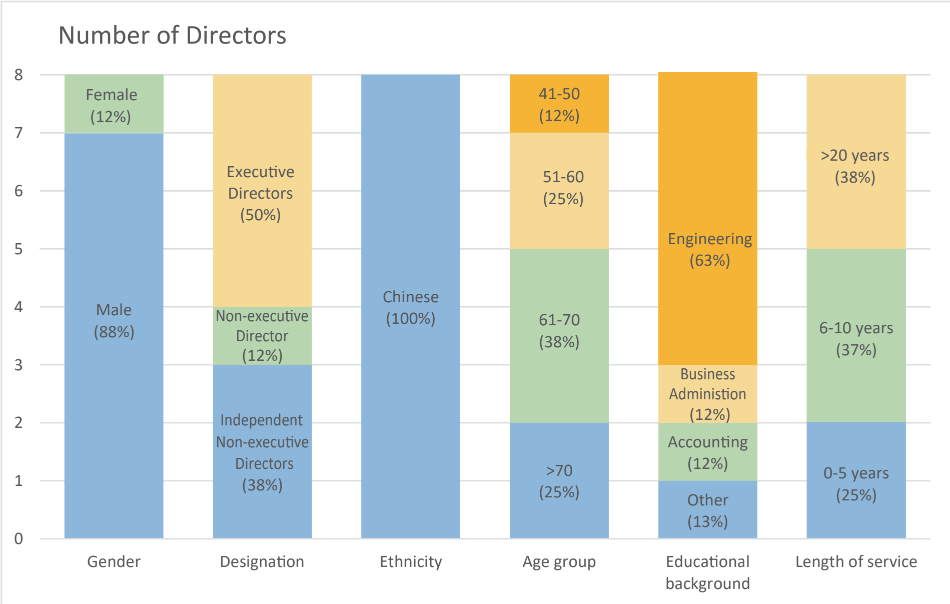
4.7 Diversity

Board Level

Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Board or the Nomination Committee will consider a range of diversity of perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and the potential contributions that the candidate is expected to bring to the Board. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The following chart and table further illustrate the diversity profile of the Board as at the Date of Annual Report:



Name of Director	Professional Experience/Skills and Knowledge
Mr. Choi Man Shing	Manufacturing of medical devices
Mr. Choi Cheung Tai Raymond	Industrial engineering and operations management of medical devices
Mr. Koh Ming Fai	Manufacturing, sale and marketing of medical devices
Mr. Fu Kwok Fu	Manufacturing, R&D and engineering of medical devices
Dr. Leung Ming Chu	Commercial sales and marketing, management and operation
Mr. Mok Kwok Cheung Rupert	Administrative management, sales and marketing and R&D of medical devices
Mr. Au Yu Chiu Steven	Audit and Finance
Prof. Yung Kai Leung	Engineering

The Nomination Committee considered that the Board was sufficiently diverse in terms of professional experience, skills and knowledge. The Company has also reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain a high standard of operation.

The nomination strategy of the Group is to appoint a right candidate for a right Board member regardless of the gender, and that the Company welcomes all gender to join the Board. To improve the Board diversity, the Board had appointed Dr. Leung Ming Chu as a Non-executive Director on 25 July 2023 pursuant to the Director Nomination Policy and the Board Diversity Policy. As at the Date of Annual Report, there is currently one female Director, representing 12.5% of the Board. However, the Board is of the view that gender should not be the only driving factor in considering a candidate to the Board. The Company would follow the Director Nomination Policy and the Board Diversity Policy to take into account various factors to identify suitable candidates for appointment to the Board, and may adjust the proportion of female Directors over time as and when appropriate.

Workforce Level

The details of workforce composition were disclosed under the ESG Report in this annual report.

The recruitment strategy of the Group is to employ a right staff for a right position regardless of the gender, and that the Company welcomes all gender to join. The Group has various departments which are led by different male and female staff, and in order to enhance efficiency, the Company has not set a measurable objective for achieving gender diversity at workforce level. In particular, gender diversity is a particular challenge in the medical device manufacturing industry with its labour intensive work nature. Nonetheless, on a merit-based policy, the Company commits to providing equal opportunities to its staff in respect of recruitment, training and development, job advancement, and remuneration and benefits.

4.8 Directors' Commitment, Induction and Continuous Professional Development

The Directors disclose to the Company at the time of appointment their other significant commitments, such as the number and nature of offices held in public companies or organisations, and notify the Company of any subsequent changes in a timely manner. The Company considers that all Directors have given sufficient time and attention to the affairs of the Group. The Company considers that there has been satisfactory attendance of the Directors at the Company's general meeting, Board and Board committee meetings.

Every newly appointed Director will receive a comprehensive, formal and tailored induction on appointment to ensure appropriate understanding of the business and governance policies and operations of the Group and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. This understanding is deepened and continued by the Directors' participation in Board meetings and their work on various Board committees.

The Directors understand the need to continue to broaden and refresh their knowledge and skills on the roles, functions and duties of a listed company director for making contributions to the Company. The Company is responsible for arranging and funding suitable training for the Directors to help them to keep abreast of the latest developments in areas including laws and regulations, the Listing Rules, governance and sustainability practices, directors' duties, and industry-specific and innovative changes in the markets in which the Group operates.

Throughout the Year, all the Directors have participated in continuous professional development with respect to directors' duties, relevant programmes and seminars or had perused reading materials and updated information in relation to business and industrial development, corporate governance issues and regulatory updates, etc. The types of training received by the Directors during the Year is summarised as follows:

Name of Director	Training received *(Notes)*
Executive Directors	
Mr. Choi Man Shing	A, B
Mr. Choi Cheung Tai Raymond	A, B
Mr. Koh Ming Fai	A, B
Mr. Fu Kwok Fu	A, B
Non-executive Director	
Dr. Leung Ming Chu	A, B
Independent Non-executive Directors	
Mr. Mok Kwok Cheung Rupert	A, B
Mr. Au Yu Chiu Steven	A, B
Prof. Yung Kai Leung	A, B

Notes:

A: attending training sessions, including but not limited to, seminars, briefings, conferences, forums and workshops

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

The Directors had provided the relevant records for the Year to the Company.

4.9 Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors.

The Company requires any Director wishing to deal in the Shares to make a specific written notice of the proposed dealing, and to obtain approval from the Chairman. If the Chairman declares his intention of dealing in the Shares, he must first obtain approval from the CEO.

Having made specific enquiries with all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code regarding their dealings in securities of the Company throughout the Year and up to the Date of Annual Report.

4.10 Indemnification of Directors and Officers

The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding the office as the Directors and officers of the Company. The Directors and officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

4.11 Board and Board Committees' Meetings

The Company holds at least four Board meetings per year, with special Board meetings being scheduled as required to determine the overall strategic directions and objectives of the Group and approve interim and annual results and other significant matters. The Articles of Association allows the Board meetings to be conducted by means of a telephone conference or other communication method through which all persons participating in the meeting can communicate with each other. Also, a resolution in writing signed by all the Directors for the time being entitled to receive notices of Board meetings shall, provided such Directors would constitute a quorum at any meeting of the Board convened to consider the resolution, be valid and effectual.

At least fourteen (14) days' notice for regular meetings of the Board and at least seven (7) days' notice for regular meetings of the Board committees, and reasonable notice for non-regular meetings of the Board and the Board committees' were given to all Directors/committee members so as to ensure that each of them had an opportunity to attend the meetings. The Company Secretary assists the respective chairman of the Board and the Board committees in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying meeting papers are sent in full to all Directors or the relevant committee members at least three (3) days before the date of meetings (or such other period as the members may agree). The Directors are allowed to include into the draft agenda any additional matters that they wish to discuss and resolve at the meetings. All Directors or committee members are entitled to have access to meeting papers and related materials. These papers and related materials are in a form and quality sufficient to enable the Board or committees to make informed decisions on matters placed before it. Directors or committee members would receive a prompt and full response to their queries, if possible.

Minutes of each Board and Board committees' meeting record in sufficient details the matters considered and decisions made, including any concerns or views of the Directors or the relevant committee members or dissenting views expressed. Final drafts of minutes are circulated to all Directors or committee members for their perusal prior to confirmation of the minutes at the subsequent Board or Board committees' meeting. The Directors or committee members may request for clarification or raise comments before the minutes are tabled for confirmation. Upon receiving confirmation from the Directors or committee members, the minutes will be signed by the chairman of the meeting as a correct record of the proceedings of the meeting and kept by the Company Secretary, and are open for inspection at any reasonable time on reasonable notice given by any Director or committee member.

Each Director is required to declare his/her interest in accordance with the Articles of Association. If a matter to be considered by the Board involves a conflict of interests of any substantial Shareholder or the Controlling Shareholder of the Company or Director and if the Board considers that the matter is material, it would be dealt with by a physical meeting rather than a written resolution of the Directors. A Director having material interests would abstain from deliberating and voting on the resolution to avoid any conflict of interests.

5. COMPANY SECRETARY

The Company Secretary, Ms. Tsui Lai Ki Vicki, is an employee of the Group and a member of the ESG Committee. She advises the Board on corporate governance and other regulatory compliance matters and assists the Board with the development and maintenance of a sound and effective corporate governance framework. The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory, corporate governance and ESG developments of relevance to the Group and that the Board takes these developments into consideration when making decisions for the Group. From time to time, the Company Secretary organises seminars on specific topics of importance and interest and disseminates reference materials to Directors for their information.

The Company Secretary is also directly responsible for the Group's compliance with all obligations under the Listing Rules and The Codes on Takeovers and Mergers and Share Repurchases, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, and the timely dissemination to the Shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on connected transactions, notifiable transactions, price-sensitive/inside information and their obligations for disclosure of interests and dealings in the Group's securities, to ensure that the standards and disclosures required by the Listing Rules and all applicable laws, rules and regulations are complied with and, where required, reported in the annual report and/or interim report of the Company.

The Company Secretary is accountable to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. These objectives are achieved through the adherence to proper Board procedures and the timely preparation and dissemination of meeting agendas and papers to the Directors. Minutes of all Board and Board committees' meetings are prepared and maintained by the Company Secretary in sufficient detail the matters considered and decisions reached by the Board or the Board committees, including any concerns raised or views voiced by any Director. All draft and final minutes of the Board and the Board committees' meetings are sent to the Directors and Board committee members as appropriate for comments, approval and records. Board records are available for inspection by any Director or committee member upon request.

The appointment and removal of the Company Secretary is subject to the Board's approval in accordance with the Articles of Association. Whilst the Company Secretary reports to the Chairman and the CEO, all members of the Board have access to her advice and service. Ms. Tsui joined the Group in April 2016 and was appointed as the Company Secretary of the Company in May 2017. She has day-to-day knowledge of the Group's affairs. Ms. Tsui confirmed that she had complied with all the required qualifications, experience and training requirements under the Listing Rules as at 31 December 2024.

6. ACCOUNTABILITY AND AUDIT

6.1 Directors' and Auditor's Responsibilities for the Financial Statements

The Board is committed to providing a balanced, clear and comprehensible assessment of the financial performance and prospects of the Group in all the disclosures made to the stakeholders and the regulatory authorities. The annual and interim results of the Company are published in a timely manner within the prescribed periods of the year end and the half-year end in accordance with the Listing Rules. Timely release of interim and annual results announcements reflects the Board's commitment to providing transparent and up-to-date disclosures of the performance of the Group.

The responsibility of Directors in relation to the financial statements is set out below. The statement of the Company's auditor about its reporting responsibilities on the Group's consolidated financial statements for the Year is set out in the independent auditor's report of this annual report.

6.2 Financial Report and Consolidated Financial Statements

The Directors acknowledge in writing on an annual basis their responsibility to prepare the accounts of the Group and other disclosures required under the Listing Rules and the Companies Ordinance and the management of the Group will provide information and explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions.

6.3 Audit Committee

The Company established the Audit Committee with its written terms of reference in compliance with the Listing Rules which are available on the websites of the Stock Exchange and the Company. The Audit Committee is currently chaired by Mr. Au Yu Chiu Steven with Mr. Mok Kwok Cheung Rupert and Prof. Yung Kai Leung. Its composition complies with the code provision requirements under the CG Code for an audit committee.

The functions of the Audit Committee include but are not limited to:

(a) ensuring that the Company has an effective financial reporting, risk management and internal control system;

(b) overseeing the integrity of the financial statements of the Company;

(c) selecting and assessing the independence and qualifications of the Company's external auditor; and

(d) ensuring effective communication between the Directors and external auditor.

During the Year, the Audit Committee had performed the following works:

- reviewed the audited annual financial statements for the year ended 31 December 2023;
- reviewed the unaudited interim financial statements for the six months ended 30 June 2024;
- made recommendations to the Board for approval the above-mentioned financial statements, respectively;

- reviewed and approved the audit planning/closing memorandum presented by the external auditor;
- discussed with the management and the external auditor about the issues concerning the accounting policies and practices which may affect the Group, along with financial reporting matters;
- reviewed the risk management and internal control systems, and the effectiveness of the internal audit function;
- recommended to the Board on the re-appointment of the external auditor; and
- determined the interim review and annual audit fees of the external auditor.

Apart from the regular Audit Committee meetings, the Audit Committee also held a meeting with the external auditor without the presence of management.

This annual report for the year ended 31 December 2024 has been reviewed by the Audit Committee.

6.4 External Auditor and Auditor's Remuneration

The Audit Committee reviews and monitors the external auditor's independence and objectivity and effectiveness of the audit process. The Audit Committee receives each year the engagement letter from the external auditor of the Company confirming their independence and objectivity and holds meetings with representatives of the external auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditor.

The remuneration paid or payable to RSM Hong Kong, being the external auditor of the Company, in respect of the audit services related to the audit for the year ended 31 December 2024 and the review of the interim results for the six months ended 30 June 2024 amounted to approximately HK$2.0 million and HK$0.3 million, respectively.

7. RISK MANAGEMENT AND INTERNAL CONTROL

7.1 Board Oversight

The Board recognises that it has the overall responsibility to establish and maintain sound and effective risk management and internal control systems to ensure the smooth running of operations, to safeguard the Group's assets and the Shareholders' interest as well as to ensure the reliability of financial statements in compliance with applicable laws and regulations. In devising internal controls, the Group has regard to the nature and extent of the risk, the likelihood of it crystallising, and the cost of controls. Systems of risk management and internal control are designed to manage, but not eliminate, the risk of failure to achieve business objectives and can only provide reasonable but not absolute, assurance against the risk of material misstatement, fraud or loss.

7.2 Risk Management Committee

The Company established the Risk Management Committee with its written terms of reference in compliance with the Listing Rules. The functions of the Risk Management Committee are included but not limited to, oversee the implementation of the Group's internal control and compliance policies and to manage the Group's exposure to risks.

During the Year, the Risk Management Committee held two meetings and the individual attendance records of each member of the Risk Management Committee are listed below:

Name of member	Meeting Attendance/Eligible to Attend
Mr. Koh Ming Fai *(Executive Director)*	2/2
Ms. Hu Fang *(Senior Sales and Marketing Manager)*	2/2
Mr. Zhang Changqing *(Head of Sales and Marketing (Greater China))*	2/2
Mr. Lai Hoi Ming *(Chief Financial Officer)*	2/2

During the Year, the Risk Management Committee had performed the following works:

- reviewed the business transactions to manage the Group's exposure to risks, including but not limited to sanctions risk, anti-corruptions and anti-fraud risks and patent infringement risk;

- reviewed the business operation to manage the Group's exposure to risks, including but not limited to the environmental, health and safety risk, financial risk and data security risk;

- conducted periodic checks on the implementation of the Group's internal control, compliance and risk management policies and procedures to ensure that they can be implemented effectively and efficiently; and

- discussed and considered whether the Group's internal control, compliance and risk management policies and procedures and the internal audit function are adequate, effective and efficient in monitoring the Group's risks and, where necessary, make recommendations to the Board to improve and enhance the internal control, compliance and risk management policies and procedures of the Group.

7.3 Risk Management and Internal Control Structural Framework

The Company has set up an internal audit division within the Group and maintained an organisation structure with defined levels of responsibility in the Company's risk management and internal control system. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness. The Board has delegated its responsibilities of risk management and internal control to the Audit Committee and the Risk Management Committee as well as internal audit division. The Audit Committee oversees the financial reporting, risk management and internal control systems and provides advice for improvement. The Risk Management Committee as well as the internal audit division of the Group (i) oversee the management of each business department in the design, implementation and monitoring of the risk management and internal control systems; and (ii) determine and evaluate the associated financial, operation, reporting and compliance risks and their corresponding mitigation plans. The entire process and its outcome are documented and reviewed by the Risk Management Committee twice a year.

The Group's risk management and internal control structural framework is summarised below:

Board

- Evaluate and determine the nature and extent of the risks taken by the Group to achieve its strategic business objectives;

- review and maintain the risk management and internal control structural framework and their responsibilities; and

- through the Audit Committee and the Risk Management Committee, regularly review and monitor the effectiveness of the risk management and internal control systems and monitor the corporate governance practices and compliance procedures on an ongoing basis.

Audit Committee

- Review the systems of the Company on financial controls, internal control and risk management regularly;

- monitor the implementation of the action plans and the effectiveness and adequacy of the internal control and risk management systems; and

- report directly to the Board on its findings, decisions and/or recommendations.

Risk Management Committee

- Assist the Board and the Audit Committee to perform its responsibilities of risk management and internal control systems;

- review the effectiveness of the Group's risk management and internal control systems at least half a year, and such review should cover all material controls including financial, operational and compliance control;

- discuss the risk management and internal control systems with the internal audit division and management of each business development to ensure that management has performed its duty to have effective and efficient control systems so as to ensure the adequacy of resources, staff qualifications and experience, and training programmes; and

- report directly to the Board and the Audit Committee on its findings, decisions and/or recommendations.

Internal Audit Division

- Oversee the Group's risk management and internal control systems on an ongoing basis;
- oversee the operation of each business department and evaluate the associated financial, operation and compliance risks and their corresponding mitigation plans; and
- report directly to the Risk Management Committee on its findings, decisions and/or recommendations.

Management of each business development

- Design, implement and maintain appropriate and effective risk management and internal control systems;
- identify, evaluate and manage the risks (including ESG risks) that may potentially impact the major processes of the operations;
- monitor risks (including ESG risks) and take measures to mitigate risks in day-to-day operations;
- give prompt responses to, and follow up the findings on risk management and internal control matters; and
- report directly to the Risk Management Committee and the internal audit division on its findings, decisions and/or recommendations.

7.4 Processes Adopted to Identify, Evaluate and Manage Risks

The processes adopted by the Group to identify, evaluate and manage risks associated with the business of the Group, the industry and market are summarised as follows:

Risk Identification

- Identify the risks that may potentially affect the Group's business and operations.

Risk Assessment

- Assess the risks identified by using the assessment criteria developed by the management; and
- assess the likelihood of their occurrence and the potential impact on the business and results of the Group.

Risk Response

- Determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Perform ongoing and periodic monitoring of the risk and ensure that appropriate risk management and internal control processes are in place and effective;

- review and revise the risk management strategies and internal control processes in case of any significant change of situation; and

- report the findings, decisions and recommendations of risk monitoring within the risk management and internal control structural framework regularly.

The Board, through the Audit Committee and the Risk Management Committee as well as internal audit division, conducted an annual review on the Group's risk management and internal control systems and considers that the systems are adequate and effective during the Year. The Board is satisfied that the Group has fully complied with the code provisions on risk management and internal controls as set out in the CG Code.

7.5 Disclosure of Inside Information

The Group acknowledges its responsibilities under the Listing Rules and the SFO and the overriding principle that inside information should be announced as soon as reasonably practicable when it is the subject of a decision. The procedures and internal controls for handling and dissemination of inside information are as follows:

(i) The Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

(ii) The Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;

(iii) The Group has strictly prohibited the unauthorised use of confidential or inside information and reinforced the awareness to the obligations in preserving confidentiality of inside information within the Group;

(iv) Sending blackout period and securities dealing restrictions notification to the Directors and relevant employees regularly; and

(v) The Group has implemented procedures for responding to external enquiries about the Group's affairs, so that only the Executive Directors as well as the Company Secretary and the head of investor relations of the Company are authorised to communicate with parties outside the Group.

7.6 Whistleblowing Policy

The Whistleblowing Policy was adopted by the Company on 23 March 2022 which is available on the websites of the Stock Exchange and the Company.

The purpose of the Whistleblowing Policy is to establish a mechanism to enable staff and other members of the Group to voice concerns in a responsible and effective manner so as to promote the highest standards of openness, probity and accountability, and encourage the reporting of misconduct, unlawful and unethical behavior.

The nature, status and results of the complaints received under the Whistleblowing Policy are reported through a centralised channel to delegated independent personnel for processing and reportable to the Chairman on a confidential and also possibly on an anonymous basis. No incident of fraud or misconduct that has material effect on the Group's financial statements or overall operations for the year ended 31 December 2024 has been discovered. The Whistleblowing Policy is reviewed annually by the Board to ensure its implementation and effectiveness.

7.7 Anti-corruption Policy

The Anti-corruption Policy was first adopted by the Company on 17 August 2021 which is available on the websites of the Stock Exchange and the Company.

To promote a culture of compliance, ethical conduct and good corporate governance within the Group, the Company prohibits all forms of corruption and is committed to preventing and investigating all forms of corruption.

The Anti-corruption Policy forms an integral part of the Group's corporate governance framework. The Anti-corruption Policy sets out the specific behavioural guidelines that the Group's personnel and business partners must follow to combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group's practices, the Anti-corruption Policy has been prepared as a guide to all Group employees and third parties dealing with the Group.

The Board, through the Chief Financial Officer and the administration department of the Company, shall review annually the Anti-corruption Policy to ensure its continued effectiveness. Any amendments that may be required shall be discussed and approved by the ESG Committee and the Board.

8. NOMINATION OF DIRECTORS

8.1 Nomination Committee

The Company established the Nomination Committee with its written terms of reference in compliance with the Listing Rules which are available on the websites of the Stock Exchange and the Company. The Nomination Committee is currently chaired by Mr. Choi Man Shing with Mr. Mok Kwok Cheung Rupert and Prof. Yung Kai Leung. Its composition meets the requirements of chairmanship and independence under the Listing Rules.

The functions of the Nomination Committee include but are not limited to, (i) identify, screen and recommend to the Board appropriate candidates to serve as the Directors; (ii) oversee the process for evaluating the performance of the Board; and (iii) develop, recommend to the Board and monitor nomination guidelines for the Company.

During the Year, the Nomination Committee had performed the following works:

- reviewed the existing structure, size, composition and diversity (including but not limited to gender, age, cultural, education background, ethnicity, professional experience, skills, knowledge and length of service in the Company) of the Board;

- reviewed the Director Nomination Policy and the Board Diversity Policy;

- assessed the independence of the Independent Non-executive Directors; and

- recommended to the Board on the re-election of retiring Directors.

8.2 Nomination Procedures

The nomination process has been, and will continue to be, conducted in accordance with the Director Nomination Policy and the Board Diversity Policy, which are available on the Company's website. The Nomination Committee, together with the Board, will review these policies, as appropriate (not less than an annual basis), to ensure its implementation and effectiveness.

Director Nomination Policy and procedures of the Company set out the procedures, process and criteria for identifying and recommending candidates for election to the Board as follows:

(i) In undertaking its annual review of the Board, the Nomination Committee or the Board as the case may be will determine if a Director should be appointed to the Board either as an additional Director or to fill a vacancy.

(ii) The sufficient biographical details of a candidate (including but not limited to, qualifications and working experience) will be provided to the Nomination Committee for assessing his/her suitability which will be measured against the suitability criteria as set out in this policy which include but are not limited to:

  - the extent to which the candidate meets the competencies for a Director outlined in this policy;

  - the time commitment required to effectively discharge the duties to the Company balanced with the number of existing directorships and other commitments that may demand the attention of the candidate;

  - any actual or perceived conflicts of interest; and

  - diversity in the aspects, amongst others, of gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service in the Company as set out in the Board Diversity Policy of the Company.

(iii) A candidate selected by the Nomination Committee will be approached by the Chairman or the CEO to determine his/her interest in joining the Board.

(iv) A candidate will be given information about the role, responsibility, contribution and time commitment the appointment will involve and the remuneration, terms and conditions of the appointment.

(v) A candidate for appointment as a Non-executive Director (including an Independent Non-executive Director) must indicate that they have sufficient time to devote to the tasks the appointment will involve.

(vi) If the nominated candidate accepts an appointment, the Nomination Committee and the Remuneration Committee will consider the appointment and remuneration package, and recommend to the Board for approval.

During the Year, no candidate was nominated for directorship during the Year under review.

9. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

9.1 Remuneration Committee

The Company established the Remuneration Committee with its written terms of reference in compliance with the Listing Rules which are available on the websites of the Stock Exchange and the Company. The Remuneration Committee is currently chaired by Mr. Mok Kwok Cheung Rupert with Mr. Choi Man Shing and Prof. Yung Kai Leung. Its composition meets the requirements of chairmanship and independence under the Listing Rules.

The functions of the Remuneration Committee include but are not limited to assist the Board in (i) determining the policy and structure of the remuneration packages of the Directors and the senior management; (ii) reviewing incentive schemes and Directors' service contracts; and (iii) fixing the remuneration packages for the Directors and the senior management.

During the Year, the Remuneration Committee had performed the following works:

- reviewed the revisions of remuneration policy of all Directors and senior management of the Company to ensure their effectiveness and recommended to the Board for approval;
- discussed and recommended the remuneration packages of the Directors and senior management for the Board's approval;
- considered the termination of the Termination Share Option Scheme and the adoption of the New Share Option Scheme and approved for recommendation to the Board's consideration; and
- considered the amendments to the Share Award Scheme and approved for recommendation to the Board's consideration.

9.2 Remuneration Policy

The fees of the Directors and the emolument of the senior management are determined with reference to their skills, knowledge, expertise and experience in the industry, involvement in the Company's affairs and the performance of the individuals, taking into account the corporate goals, the expected overall performance and profitability of the Group as well as remuneration benchmarks from other companies and prevailing market conditions during the Year. Whilst the Board retains its power to determine the remuneration of Non-executive Directors, the responsibility for reviewing and determining the remuneration packages of individual Executive Directors and senior management of the Company is delegated to the Remuneration Committee.

The remuneration paid to the members of senior management (excluding the Directors) by bands for the Year is set out below:

Emolument Band	Number of individuals
Nil to HK$1,000,000	3
HK$1,000,001 to HK$1,500,000	6
HK$1,500,001 to HK$2,000,000	1

The details of the fees and other emoluments paid or payable to the Directors are set out in details in Note 15(a) to the consolidated financial statements set out in this annual report.

The Independent Non-executive Directors receive fixed fees for their appointments as members of the Board and additional fees for sitting on each Board committee. None of such fees are based on the performance of the Group.

10. CORPORATE GOVERNANCE FUNCTIONS

The Board recognises that the Directors should be collectively responsible for the corporate governance duties. Such duties include but are not limited to:

(i) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(v) to review the Company's compliance with the CG Code and disclosure in this report.

During the Year and up to the Date of Annual Report, the Board has reviewed and performed the aforesaid corporate governance functions.

11. ESG RESPONSIBILITY

11.1 ESG Efforts

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business, and attaches great importance to reducing energy consumption. The Group is also continually improving its business practices and employee training in such best practices. It has adopted a proactive approach to ESG responsibility and has established a working group chaired by an Executive Director and comprising representatives from key departments of the Company to spearhead the ESG initiatives and activities of the Group and to enhance the Group's ESG efforts.

11.2 ESG Committee

The Company established the ESG Committee with its written terms of reference. The functions of the ESG Committee include but are not limited to, advise and assist the Board in managing matters relating to ESG of the Group, such as governance, policies, initiatives, performance and reporting.

During the Year, the ESG Committee held four meetings and the individual attendance records of each member of the ESG Committee are listed below:

Name of members	Meeting Attendance/ Eligible to Attend
Mr. Fu Kwok Fu *(Executive Director)*	4/4
Mr. Lai Hoi Ming *(Chief Financial Officer)*	4/4
Ms. Tsui Lai Ki Vicki *(Company Secretary)*	4/4

During the Year, the ESG Committee had performed the following works:

- reviewed the ESG report as contained in the 2023 annual report and approved for submission for the Board's approval;
- discussed the setting on short-term emission and long-term sustainable development targets to achieve ongoing emission reduction progress according to the government requirements;
- performed periodic monitoring the implementation of the major visions and strategy, including but not limited to, green environment and climate, supply control, anti-corruption and employee affairs and safety;
- analysed the data collected by the working group and formulated the ESG working report for the presentation to the Board on a quarterly basis; and
- reviewed the climate risk assessment report as prepared by the ESG consultant.

12. INVESTOR RELATIONS

12.1 Shareholders' Communication Policy

To uphold high standards of corporate governance, the Company maintains effective communications with the Shareholders and other stakeholders by disseminating information in a timely and accurate manner. The Board has established the Shareholders' Communication Policy which aims to promote effective communication between the Company and the Shareholders and other stakeholders and to enable the Shareholders to exercise their rights effectively in an informed manner. The Shareholders' Communication Policy has been put on the Company's website and will be reviewed by the Board on a regular (not less than an annual) basis to ensure its implementation and effectiveness. The Board considers that the Shareholders' Communication Policy has been effectively implemented during the Year.

The Company has established several channels to communicate with the shareholders as follows:

(i) Corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.vincentmedical.com;

(ii) Periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) Corporate information is made available on the Company's website;

(iv) Annual and extraordinary general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and

(v) The Company's branch share registrar and transfer office in Hong Kong serves the Shareholders in respect of share registration, dividend payment and related matters.

Senior management maintains regular dialogue with institutional investors through one-on-one meetings and conference calls. The Company is committed to complying with disclosure rules and regulations stipulated by the relevant regulatory bodies, and to communicating the Company's business strategies, development and goals to investors.

12.2 Shareholders Meetings

The general meetings of the Company provide one of the primary forums for communication with the Shareholders and for their participation. Such meetings provide Shareholders with the opportunity to share their views and to meet the Board and certain members of senior management. Question and answer sessions at general meetings foster constructive dialogues between Shareholders, Board members and management.

Shareholders are encouraged to participate in general meetings of the Company physically, or by proxy if they are unable to attend in person. The Company encourages participation of the Shareholders in annual general meetings and other general meetings. The Company sends notice to the Shareholders for annual general meetings at least 21 clear days before the meeting and at least 14 clear days for all other general meetings. Separate resolutions are proposed at general meetings for each substantial issue, including the re-election of individual Directors. The detailed procedures of conducting a poll are explained to the Shareholders at the general meeting, to ensure that the Shareholders are familiar with such procedures.

In 2024, the Company held one general meeting. The Chairman, the chairperson of each of the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee and the ESG Committee, all other Directors in office at the time and the Company's auditor attended the 2024 annual general meeting on 22 May 2024 and were available to answer questions. The Chairman of the meeting exercised his power under the Articles of Association to put each resolution set out in the notice to be voted by way of a poll. Representatives of the Company's branch share registrar and transfer office in Hong Kong were appointed as scrutineers to explain the detailed procedures for conducting a poll, monitor and count the poll votes cast at the 2024 annual general meeting.

The 2025 AGM will be held at 17th Floor, Leighton, 77 Leighton Road, Causeway Bay, Hong Kong on Wednesday, 21 May 2025 at 10:00 a.m..

12.3 Articles of Association

During the Year and up to the Date of Annual Report, the Company has not made any amendment to its Articles of Association. An up-to-date English and Chinese versions of the Articles of Association is available on the website of the Company and the Stock Exchange, respectively.

13. SHAREHOLDERS' RIGHTS

13.1 Convening an Extraordinary General Meeting by the Shareholders

In accordance with Article 58 of the Articles of Association, an extraordinary general meeting can be convened on the requisition of any one or more Shareholders 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 shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

13.2 Procedures for Making Proposals at General Meetings and Putting Forward Enquiries to the Board

There are no provisions in the Articles of Association or the Cayman Companies Act for the Shareholders to move new resolutions at general meetings. The Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

Apart from participating in the Company's general meetings, the Shareholders may send their specific enquiries requiring the Board's attention to the Company Secretary. Other general enquiries can be directed through the Company's Investor Relations contacts.

Address:	Vincent Medical Holdings Limited Units 1604-07A, 16/F., Two Harbourfront, 22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong. (For the attention to the Company Secretary)
Telephone:	(852) 2155 2998
Fax:	(852) 2155 8298
Email:	investors@vincentmedical.com

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

By Order of the Board

Choi Man Shing
Chairman and Executive Director

Hong Kong, 19 March 2025

ABOUT THIS REPORT

The Group adheres determinedly to the fundamental mission and values of engaging and aligning all stakeholders towards to the same goals and creating values for better lives, and providing innovative, quality and reliable medical devices. The Group longs for the pursuit of sustainability, continuously incorporating environmental and social initiatives in our business. In view of the importance of corporate environmental and social responsibilities, the Board is pleased to launch its nineth ESG Report. This report aims to disclose our commitments, practices and performance in all ESG aspects, and takes response to stakeholders' expectations in regards to sustainable development of the Group.

Reporting Period

This report illustrates the overall performance of the Group regarding the ESG aspects from 1 January 2024 to 31 December 2024.

Reporting Scope and Boundary

The relevant environmental key performance indicators ("**KPI(s)**") mainly cover the manufacture of medical devices in office and operating sites in the PRC (located at Dongguan and Shenzhen) and Japan, and the head office in Hong Kong, on the ground that these areas are financially significant and operationally important to the Group and its stakeholders. The reporting scope has covered 100% of the Group's total revenue in the Reporting Period. There was no material change compared with the reporting scope in 2023. If the scope and boundaries of specific contents vary, they are noted in the relevant section of this report.

Reporting Basis and Principles

This report complies with the requirements as set out in the "Environmental, Social and Governance Reporting Guide" (the "**Guide**") in Appendix C2 to the Listing Rules. The Company has complied with all "comply or explain" provisions as set out in the Guide and followed the below reporting principles in the preparation of this report: materiality, quantitative, balance and consistency.

- ***"Materiality" Principle:***
  The Group determines material ESG issues by stakeholder engagement and materiality assessment. Details are explained in the section headed "Materiality Assessment" in this report.

- ***"Quantitative" Principle:***
  Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.

- ***"Balance" Principle:***
  This report identifies the achievements and challenges faced by the Group.

- ***"Consistency" Principle:***
  This report uses consistent methodologies for meaningful comparisons throughout the years unless improvements in methodologies are identified.

This report has complied with all "comply or explain" provisions and reported on selected recommended disclosures required in the Guide.

The information contained herein is sourced from internal documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group's internal management systems. A complete ESG Reporting Guide content index is appended to the last section hereof for quick reference. This report is prepared and published in both English and Chinese at the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.vincentmedical.com). In the event of contradiction or inconsistency between the English version and the Chinese version, the English version shall prevail.

Review and Approval

This report was approved by the Board on 19 March 2025, following a review by the ESG Committee.

Feedback

The Group values the opinions and suggestions of stakeholders on this report. We welcome you to share your feedback with the Group by sending email: investors@vincentmedical.com, fax: (852) 2155 8298, or mail: Units 1604-07A, 16/F, Two Harbourfront, 22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong (for the attention to the Company Secretary).

BOARD STATEMENT

On behalf of the Group, the Board is pleased to present the 2024 ESG Report to all of our stakeholders and the general community. Primarily engaging in the research and development, manufacture and sales of a wide range of medical devices to our customers around the globe, we focus on respiratory care, imaging disposables, and orthopaedic and rehabilitation products. With our production bases in Dongguan, the PRC, we are dedicated to bringing innovative, high-quality and reliable medical technologies and devices to the market so as to become a trusted partner of some of the world's leading medical and healthcare technology companies. Throughout this journey, the Group has also transformed from a humble medical devices manufacturer, to one of the leading providers of respiratory care solutions with extensive know-how and proprietary technologies, along with brands and products that enjoyed numerous clinical and commercial success.

We continued to face a fast-changing market landscape. The rising geopolitical risks and the macro uncertainties have created challenges on our business operation and hence pose negative impact on market penetration. Compounded by the high inventory levels and rising operating and finance costs, some major industry players exited certain niche markets in recent years, highlighting the struggles within the industry. We are prepared to overcome these challenges through our New Production Facility. During the Reporting Period, we have planned comprehensively regarding the location section and facilities adaptation, and considered ESG initiatives, especially in climate change. Looking ahead, we believe our new project is going to execute positive long-term influence on our business expansion as of the new opening of operation site in forthcoming years.

Despite all the obstacles, we remain committed to operating our business in an environmentally and socially responsible manner and creating values for our stakeholders. Throughout the years, the Group endeavours to undertake more social responsibilities, and incorporates sustainable development into its operations and business planning, while balancing its business and financial performances. To ensure sustainability, we believe an effective governance structure, as well as comprehensive ESG reporting, are fundamental. Therefore, we have established the ESG Committee and ESG working group (the "**ESG Working Group**"), responsible for assisting and advising the Board on ESG matters. We have also integrated climate-related issues and other important ESG elements into our long-term strategic planning.

We strongly believe that collaborative efforts among all stakeholders will collectively pave the way for a brighter future. Before marching forward hand-in-hand, it is important for us to engage with our stakeholders. Through our ESG materiality assessment exercise, we identify and understand the needs and concerns of our stakeholders. We also conduct regular evaluations on our direction and metrics to ensure that our actions remain effective and aligned with market dynamics. During the Reporting Period, we continued our dedication to community investment through charity and volunteer services, and we are proud to serve our customers and patients to the best of our effort, by setting out the Group's mission and values of 'Create Values for Better Lives'.

The Group has identified the climate-related risks and opportunities relevant to our business, and climate-related scenario analysis was conducted during the Reporting Period. We have set clear short-term emission and long-term sustainable development targets to achieve ongoing emission reduction progress according to the government requirements. We also periodically review our progress and metrics as we continue to evaluate the effectiveness of our approach and measures. These actions would not only enhance our corporate image, promote sustainable practices, but also improve our market competitiveness.

Looking ahead, the Group remains committed to upholding our responsibilities in ESG, proactively reviewing and monitoring ESG performances to improve our business operations, particularly regarding the issues that possess societal impacts. Together, we aim to build an inclusive and sustainable society, and create values for our Shareholders in a long-term and sustainable manner.

ESG GOVERNANCE STRUCTURE

ESG Committee and ESG Working Group

The Board has a comprehensive ESG governance structure by delegating the responsibility of ESG implementation to the ESG Committee. The purpose of the ESG Committee is to advise and assist the Board in managing matters relating to ESG issues, governance, policies, initiatives, performance and reporting. The ESG Committee, comprising an Executive Director and members of senior management, conducts meetings quarterly and directly reports to the Board.

Working under the ESG Committee, the Group has established the ESG Working Group. The ESG Working Group comprises members of senior management and core members from different departments and business units of the Group, and is responsible for exercising ESG plans and collecting data regularly to review ESG performances. The ESG Working Group reports to the ESG Committee on a timely basis. The Group's ESG structural framework is summarised below:

Board	• Reviews the Group's ESG performance regularly • Examines and approves the Group's annual ESG report
ESG Committee	• Oversees the ESG strategies, policies, objective and targets • Allocates ESG matters through review and assessment of internal operations • Advises and assists the Board in managing ESG matters of the Group, including governance, policies, initiatives, performance and reporting
ESG Working Group	• Advises and supports the ESG Committee and Board on ESG matters, strategies and policies • Executes ESG management, monitors ESG performance and sets targets • Implements ESG policies and related initiatives • Collects data and takes records for regular review on ESG performance

STAKEHOLDERS ENGAGEMENT

Stakeholders' opinions are the solid foundation for the Group's sustainable development and success. Stakeholders engagement helps the Group to develop business strategies that meet the needs and expectations of stakeholders, by doing so, it helps us in identifying risks and weaknesses that the Group is currently facing. The Group communicates with its stakeholders through various channels on a regular basis, shown as below.

Stakeholder	Communication Channels
Government and regulatory agencies	• Annual reports, interim reports, ESG reports and other public information • Supervision and inspection • Notices and circulars • Newsletters and releases
Shareholders and investors	• Annual general meetings and other general meetings of shareholders • Disclosure of corporate information on the websites of the Company and the Stock Exchange • Press releases/announcements • Regular dialogue with institutional investors • Annual reports, interim reports, ESG reports and other public information
Employees	• Regular trainings • Regular meetings • Internal circulars (notices and intranet) • Performance evaluations • Surveys and opinions collection platforms • Reporting platforms pursuant to the Whistleblowing Policy • Leisure activities
Customers	• Emails, faxes, and telephones • Customer satisfaction surveys • Customer service hotlines • Regular meetings • Representative offices • Exhibitions
Suppliers	• Meetings • Onsite visits • Surveys • Annual audits and performance reviews • Hotlines and Emails
Community	• Participation in community programmes • Annual reports, interim reports, ESG reports and other public information

MATERIALITY ASSESSMENT

The Group emphasises the participation of its stakeholders as they have a substantial impact on the success of its business or activities. The Group believes that stakeholders engagement holds significant influence in developing sustainable development strategies and fulfilling social responsibilities which forms the basis for the Group's strategy formulation and decision-making. A list of sustainability issues, which were potentially material to the Group, was decomposed in the context of its business and daily operation.

Materiality Assessment Process

In preparing this report, the Group directly engaged with external and internal stakeholders through an online survey. The following materiality assessment process has been applied to identify and prioritise the material issues to be included in this report.

Stage 1 – Identification
A selection of ESG issues that may reasonably be considered important for the Group and its stakeholders from various sources, including the Listing Rules requirement, industry trends and internal policies. 28 issues were identified and grouped into 4 categories: Environment, Employment and Labour Practices, Operating Practices and Community.

Stage 2 – Prioritisation
Conducted online surveys to rate the importance of each issue from the perspective of a stakeholder and the Group using a scale of 1 to 5.

Developed the materiality matrix based on the scores of the surveys, set the threshold for materiality (i.e. at a score of average) and prioritised a list of sustainability issues.

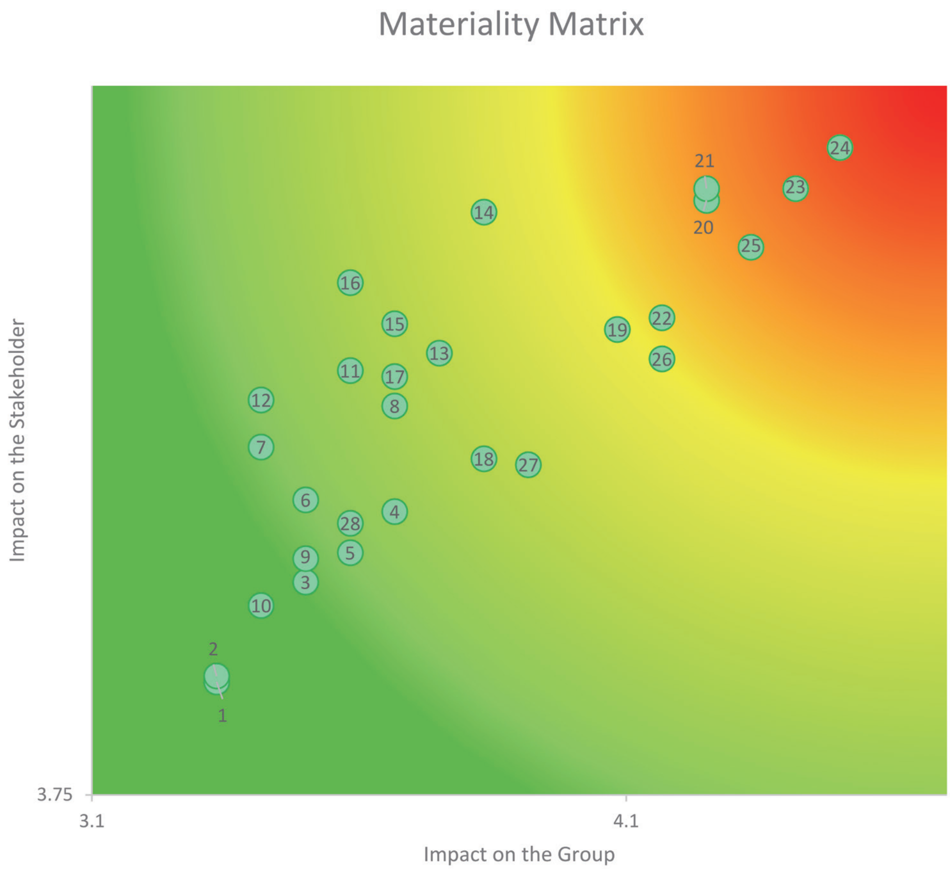
Stage 3 – Validation
Management reviewed the materiality matrix and the threshold for materiality. ESG issues, with a score of average or above from the perspective of a stakeholder and the Group, were prioritised as the most important sustainability issues for the Group to address and report on.

Materiality Matrix

Our materiality matrix took two dimensions into account and included the importance of issues to stakeholders and the Group. For the issues that fall within the top right-hand corner of the matrix, they have relatively high importance to both stakeholders and the Group's business.

Based on the materiality matrix, we believe the six most pertinent ESG issues include the following:

- Quality of products;
- Safety of products;
- Customer satisfaction;
- Customers' privacy and confidentiality;
- Business ethics; and
- Intellectual property.



1	Air Emissions	11	Employment practices	21	Customer satisfaction
2	Greenhouse gas ("**GHG**") Emissions	12	Diversity and equal opportunities	22	Intellectual property
3	Effluents management	13	Anti-discrimination	23	Safety of products
4	Waste management	14	Occupational health and safety	24	Quality of products
5	Energy efficiency	15	Development and training	25	Business ethics
6	Water efficiency	16	Child labour and forced labour	26	Anti-corruption training for management and employees
7	Use of materials	17	Responsible supply chain management	27	Contributions to the society
8	Environmental compliance	18	Environmental friendliness on products or service purchased	28	Communication and connection with local community
9	Land use, pollution and restoration	19	Compliance with regulations on marketing, product and service labelling		
10	Climate change	20	Customers' privacy and confidentiality		

ENVIRONMENTAL ASPECTS

The Group is committed to the long-term sustainability of its businesses and the communities in which it operates, and attaches great importance to reducing energy consumption and carbon footprint. With the passion of protecting our planet and conserving its natural resources for future generations, the Group is continually improving its business practices and enhancing employee training to implement best practices.

In terms of environment, the Group has continuously achieved positive gains through internal control, innovative technology and alignment with global standards and certifications. The Group is classified as a low emission industry by the Dongguan Tangxia Environmental Protection Department (東莞塘廈環保分局) and has upheld the principle of sustainability in operation. The Group's production plant substantially complied with all applicable local and international environmental regulations, including but not limited to:

- Environmental Protection Law of the PRC《中華人民共和國環境保護法》;
- Environmental Impact Assessment Law of the PRC《中華人民共和國環境影響評價法》;
- Environmental Protection Tax Law of the PRC《中華人民共和國環境保護稅法》; and
- Laws and regulations of the National Development and Reform Commission (NDRC).

The Group strives to enhance its dedication in ESG performance with the following environmental objectives through the establishment of an environmental management system and adoption of proactive approach for ESG initiatives:

- Compliance with national environmental laws and regulations;
- Pollution prevention;
- Promotion of clean production; and
- Creation of a harmonious environment for sustainable development.

The Group's environmental management system has been certified by ISO14001:2015 and environmental-related internal policies, including Environmental Contamination Control Program (環境污染控制程序), Solid Waste Control Program (固體廢物控制程序), and Energy Resource Control Program (能源資源控制程序) have been developed.

In line with the national policies on energy conservation and emission reduction, we have established measurable and quantifiable green targets from short-term to long-term and formulated action plans to actively manage our environmental footprint, working towards achieving a low-carbon economy.

The Group has been striving to refine and expand its disclosure on its environmental impacts. To improve oversight of GHG emissions, the Group expanded the disclosure scope for this report, including all emissions from production bases in Dongguan, and Scope 1 and Scope 2 GHG emissions from Hong Kong head office as well as Shenzhen and Japan administrative offices. Certain comparative information has been restated where necessary.

Moving forward, the Group will continuously enhance and review the data collection system and consider in expanding the disclosure coverage in environmental aspects. In addition, the Group will continue in reviewing and revising its policy regularly, maintaining a steady pace of progress and promoting green development.

Emissions

Air Emissions

Due to the nature of our business, the Group does not emit a significant amount of exhaust gas from its operation. In our daily operations, the main source of exhaust gas emitted are mainly from vehicle fleets. The petrol and diesel oil combustion of vehicle fleets generate pollutants including Nitrogen Oxides, Sulphur Oxides and Particulate Matters. During the Reporting Period, the air emissions were as follows:

Air Emissions[1]	Unit	Total Air Emissions		
		2024	2023	Change
Nitrogen Oxides (NO_x)	Kilograms ("**kg**")	**65.51**	57.80	+13%
Sulphur Oxides (SO_x)	kg	**5.60**	4.32	+30%
Particulate Matters (PM)	kg	**1.92**	1.42	+35%
Total	kg	**73.03**	63.54	+15%

For the year ended 31 December 2024, the total air emissions accounted for 73.03 kg (2023: 63.54 kg), representing an increase of approximately 15% over last year. The increase was mainly attributable to the increase in usage of vehicle fleets for employee commuting and products delivery between operation sites during the Reporting Period.

Looking ahead, the Group is striving to control the emissions by monitoring the air pollutant emissions and implementing mitigation measures. The Group will conduct proper engine repair and maintenance on a regular basis for vehicle fleets and encourage eco-driving in daily operation.

1 The inorganic air pollutant emission is estimated by making reference to "First National Survey of Pollution Sources — Industrial Pollutants Emission Factors Handbook《第一次全國污染源普查工業污染源產排污係數手冊》", "Technical Guidelines for the Compilation of Emission Inventories of Air Pollutants from Road Vehicles (Trial)《道路機動車大氣污染物排放清單編制技術指南（試行）》" and "Limits and measurement methods for emissions from light-duty vehicles (CHINA 6)《輕型汽車污染物排放限值及測量方法（中國第六階段）》" issued by Ministry of Ecology and Environment of the PRC. Certain comparative figures for 2023 have been restated for updates in the references.

GHG Emissions

The Group is aware of potential physical and financial consequences of climate change on its business. These could include higher energy costs and more frequent extreme weather events that disrupt product supply chains. To minimise the contribution of GHG emissions, the Group strives to reduce energy use in our operations, and the related energy-saving measures are illustrated in the section headed "Use of Resources" of this report. During the Reporting Period, the Group's GHG emissions were as follows:

GHG Emissions[2]		Unit	Total GHG Emissions 2024	2023	Change
Scope 1[3]	CO_2	CO_2 e tonnes	**62.85**	47.68	+32%
	CH_4	CO_2 e tonnes	**0.25**	0.19	+32%
	N_2O	CO_2 e tonnes	**0.15**	0.11	+36%
Scope 1[3] – Refrigerant & Fugitive Emissions (including HCFC-22/HFC-32/R134a)		CO_2 e tonnes	**142.00**	312.47	–55%
Subtotal:		CO_2 e tonnes	**205.25**	360.45	–43%
Scope 2[4]		CO_2 e tonnes	**5,353.76**	6,761.37	–21%
Scope 3[5]		CO_2 e tonnes	**92.15**	88.98	+4%
Total		CO_2 e tonnes	**5,651.16**	7,210.80	–22%
Intensity of GHG Emissions (per building area)[6]		CO_2 e tonnes/m^2	**0.133**	0.201	–34%

For the year ended 31 December 2024, the total GHG emissions were 5,651.16 CO_2 e tonnes (2023: 7,210.80 CO_2 e tonnes) and its intensity was 0.133 CO_2 e tonnes/m^2 (2023: 0.201 CO_2 e tonnes/m^2) per building area, presenting a respective decrease of 22% in total GHG emissions and 34% in intensity as compared to previous year.

The decrease in Scope 1 GHG emission was mainly attributable to the reduction in refrigerant and fugitive emissions, while the decrease in Scope 2 GHG emission was mainly due to the increased composition in renewable energy consumption. In the Reporting Period, the Group purchased I-REC of 5,000 MWh, striving to reduce greenhouse gas emission through utilisation of renewable energy. Scope 3 GHG emission remained at similar level as compared to last year.

2 In addition to direct and indirect GHG emissions from the Group's production bases in Dongguan, Scope 1 and Scope 2 GHG emissions from the Group's head office in Hong Kong and administrative offices in Shenzhen and Japan are included. The calculation of the corresponding air emission assessment figures and the emission factors used for the calculation are based on "Methodology for Accounting and Reporting of Greenhouse Gas Emissions from Enterprises in Other Industries (Trial)《工業其他行業企業溫室氣體排放核算方法與報告指南（試行）》" jointly issued by National Development and Reform Commission and National Center for Climate Change Strategy and International Cooperation, "Electricity Carbon Dioxide Baseline Emission Factor《電力二氧化碳排放因子》", and "IPCC Sixth Assessment Report on Climate Change《IPCC氣候變遷第六次評估報告》issued by the Ministry of Ecology and Environment of the PRC. Unless otherwise mentioned, certain comparative figures for 2023 have been restated for updates in the references and data collected.

3 Scope 1: The direct emissions from the business operations owned or controlled by the Group, including the emission from the Group's vehicle fleet, hydrofluorocarbons (HFC) and perfluorocarbons (PFC) equipment.

4 Scope 2: The indirect energy emissions from the internal purchased electricity consumption by the Group.

5 Scope 3: Other indirect emissions from business travel and employee commuting by the Group. Comparative figure for 2023 has been restated for employee commuting data collected.

6 During the Reporting Period and 2023, the Group had a total building area of 42,636.6 and 35,865.6 m^2 respectively.

For the year ended 31 December 2024, methane emission induced by septic tanks was 49.0 tonnes (2023: 46.6 tonnes) in accordance with ISO14064 standard calculation, presenting an increase by 5%.

Looking ahead, the Group will encourage the use of digital communication with overseas stakeholders to minimise the needs of business travel. Besides, the Group will continue in tracing the amount of GHG emissions and implementing relevant measures to mitigate the impacts from its operational activities.

Wastewater

Although the Group does not contribute and generate significant wastewater from its operational activities, the Group is aware that potential wastewater could be generated during certain operational activities. In this regard, the Group has installed a system to segregate rainwater and sewage. The Group complied with all applicable local and international environmental regulations, and strictly abides by the "Water Pollution Prevention and Control Law of the PRC《中華人民共和國水污染防治法》". The Group properly treats all wastewater and manages the treatment plant in accordance with the local regulations namely "Guangdong Local Standards – Emission Limits of Water Pollutants DB44/26-2001《廣東省地方標準 – 水污染物排放限值DB44/26-2001》". The Group conducts regular monitoring and inspections to ensure that the concentration of wastewater discharge is within the discharge limits set out by the local authority.

Looking ahead, the Group will enhance data collection system in tracing the amount of wastewater discharge, ensure the transparency of disclosure and implement relevant measures to mitigate the impacts from its operational activities.

Wastes

The operation nature of the Group entails the use of resources in wide range of medical devices in development and manufacturing. The Group complied with all applicable local and international environmental regulations, and strictly abides by "Solid Waste Pollution Prevention and Control Law of the PRC《中華人民共和國固體廢物污染環境防治法》". Hazardous waste includes clinical waste and office stationery. Non-hazardous waste includes domestic waste, kitchen waste and household waste. The Group strictly follows the applicable guidelines and regulations to handle, manage and discharge hazardous and non-hazardous wastes. The Group has implemented comprehensive emergency procedure protocol to contain and limit its damage to the environment.

Hazardous wastes are collected and handled by the licensed contractors, according to the National Hazardous Waste List. To minimise the environmental impacts of hazardous wastes, all bins are covered and must be protected against leakage to prevent pollution to the environment. Non-hazardous wastes are collected daily and disposed to landfill.

During the Reporting Period, the hazardous wastes and non-hazardous wastes produced were as follows:

		Total Hazardous Wastes		
Hazardous Wastes	**Unit**	**2024**	**2023**	**Change**
Clinical Wastes[7]	tonnes	**0.63**	0.10	+530%
Other Hazardous Wastes[8]	tonnes	**2.63**	0.64	+311%
Total Hazardous Waste	tonnes	**3.26**	0.74	+341%
Intensity of Hazardous Wastes (per building area)[6]	kg/m^2	**0.0765**	0.0206	+271%

		Total Non-hazardous Wastes		
Non-hazardous Wastes	**Unit**	**2024**	**2023**	**Change**
Domestic Wastes[9]	tonnes	**144**	144	–
Total Non-hazardous Wastes	tonnes	**144**	144	–
Intensity of Non-hazardous Wastes (per building area)[6]	kg/m^2	**3.38**	4.01	–16%

For the year ended 31 December 2024, the total amount of hazardous wastes was approximately 3.26 tonnes (2023: 0.74 tonnes), representing an increase of approximately 341% as compared to last year. The total amount of clinical wastes was approximately 0.63 tonnes (2023: 0.10 tonnes), representing an increase of approximately 530% over last year. The increase in total amount of hazardous wastes was mainly due to (i) newly introduced volatile organic compounds (VOC) sensing instrument with an upgrade from one-stage activated carbon to two-stage activated carbon to adsorb waste gas, and (ii) the increase in medical products production volume during the Reporting Period.

For the year ended 31 December 2024, the total amount of non-hazardous wastes was 144 tonnes (2023: 144 tonnes) which remained the same level with the previous year. Intensity of total non-hazardous wastes reduced by 16% mainly due to the increased building area compared to previous year. The Group has continuously encouraged employees to adopt 3R principles i.e. reduce, reuse and recycle, aiming to lower our daily waste generation at the operation sites.

Looking ahead, the Group will continuously enhance R&D and consider implementing relevant waste reduction measures to mitigate the impacts from its operational activities.

7 Clinical waste includes the Limulus Amoebocyte Lysate (LAL) and their test kit, isopropanol and thinner.

8 Other hazardous waste includes chemicals waste such as acetone, silicone oil, mercury and etc.

9 Non-hazardous waste represents domestic wastes generated in office, kitchen waste and household waste.

Use of Resources

Energy Consumption

The Group is committed to conserving resources for the purposes of environmental and operating efficiency. To pursue the Group's environmental commitment, it implements multiple measures in enhancing energy efficiency. The Group has formulated energy-saving plan annually and installed energy monitoring system, including:

- Establishment of an energy management centre to analyse and monitor energy usage regularly;
- Installation of a solar-powered water heating system in office and dormitory;
- Installation of solar street lights;
- Replacement of conventional lightings with Light Emitting Diode (LED) lights or T5 fluorescent tube;
- Purchase of environmental-friendly electric forklifts;
- Limiting unnecessary use of company vehicles;
- Switching off idling engines, including lighting, personal computer, air-conditioners and other electronic equipment;
- Using video conferencing or phone calls for meeting;
- Maintaining indoor room temperature at 24 to 26 degrees Celsius at the office;
- Placing energy-saving reminders at pantry, office and dormitory; and
- Turning off the electricity supply to idle appliances to reduce their standby power consumption.

The Group's energy consumption is from vehicle fuels, solar energy consumption (direct energy consumption) and purchased electricity (indirect energy consumption). During the Reporting Period, the energy consumption of the Group was as follows:

Energy Consumption Types[10]	Units	Total Energy Consumption[11] 2024	2023	Change
Direct Energy Consumption				
Diesel Oil	kWh	**90,181**	70,821	+27%
Unleaded Petrol	kWh	**160,676**	125,415	+28%
Solar Energy	kWh	**5,866**	3,726	+57%
Total Direct Energy Consumption	kWh	**256,723**	199,962	+28%
Intensity of Direct Energy Consumption (per building area)[6]	kWh/m^2	**6.021**	5.575	+8%
Indirect Energy Consumption				
Purchased Electricity	kWh	**17,381,036**	15,634,753	+11%
Total Indirect Energy Consumption	kWh	**17,381,036**	15,634,753	+11%
Intensity of Indirect Energy Consumption (per building area)[6]	kWh/m^2	**407.7**	435.9	–6%

For the year ended 31 December 2024, the total direct energy consumption was 256,723 kWh (2023: 199,962 kWh), and its intensity was 6.021 kWh/m^2 (2023: 5.575 kWh/m^2) per building area. Compared with the previous year, the increase of 28% in total direct energy consumption and 8% in its intensity were mainly attributable to the increase in usage of vehicle fleets for employee commuting and products delivery between operation sites.

For the year ended 31 December 2024, the total indirect energy consumption was 17,381,036 kWh (2023: 15,634,753 kWh), and its intensity was 407.7 kWh/m^2 (2023: 435.9 kWh/m^2) per building area, it presented an increase of 11% in total indirect energy consumption and 6% decrease in its intensity. The Group has expanded its operations and increased its production volume during the Reporting Period, leading to an increase in the electricity consumption in our operation sites. Nevertheless, intensity of indirect energy consumption decreased due to the increased building area compared to previous year, demonstrating our success in energy efficiency. The Group has installed solar street lights in the Reporting Period and will consider to install further electricity saving devices to save electricity consumption in 2025.

Looking ahead, the Group will continue in tracing the Group's energy consumption and implementing relevant energy conservation measures.

Water Consumption

The Group is devoted to reducing the use of water and has established a water consumption reduction pathway with a long-term perspective as a directional target. The Group has formulated water-saving measures, including:

- Installation of water flow controllers and water-efficient taps; and
- Placing water-saving reminders at pantries and toilets.

10 In addition to energy consumption by the Group's production bases in Dongguan, purchased electricity for Hong Kong head office, Shenzhen and Japan administrative offices are included. Certain comparative figures for 2023 have been restated for updates in the data collected.

11 The table presentation is refined and comparative figures for 2023 have been re-presented.

The Group's operational activities are mainly production of medical devices, which do not consume a material amount of water. Water consumption of the Group is mainly from office and household use and the Group had no difficulty in water sourcing. During the Reporting Period, the water consumption was as follows:

Water Consumption	Unit	Total Water Consumption 2024	2023	Change
Total	m^3	**129,618**	120,870	+7%
Intensity of Water Consumption (per building area)[6]	m^3/m^2	**3.04**	3.37	–10%

For the year ended 31 December 2024, the total water consumption was 129,618 m^3 (2023: 120,870 m^3), and its intensity was 3.04 m^3/m^2 (2023: 3.37 m^3/m^2) per building area. Total water consumption increased by 7% while its intensity has decreased by 10% as compared to last year. The increase in total water consumption was mainly due to an increase in headcount during the Reporting Period while the reduction in water consumption intensity demonstrated the Group's effective adoption of water-saving measures and regular facilities maintenance during the Reporting Period. Looking ahead, the Group will continue to monitor its water usage, review and implement additional water saving practices.

Paper Consumption

Paper consumption was mainly utilised for report publication and offices administrative use from office in Dongguan. During the Reporting Period, the paper consumption was as follows:

Paper Consumption	Unit	Total Paper Consumption 2024	2023	Change
Office Paper and Publication	tonnes	**6.7**	5.7	+18%

For the year ended 31 December 2024, the paper consumption increased by approximately 18% to 6.7 tonnes (2023: 5.7 tonnes). The Group has been implementing policies in cutting down paper usage, including:

- Encourage digital report publication;
- Implement 3R policy (i.e. reduce, reuse and recycle);
- Implement Office Automation (OA) System and the ERP System;
- Set up default duplex-printing system; and
- Encourage employee's communication via electronic means.

Moving forward, the Group will continue to strive in cutting down the paper consumption and increasing the recycling rate to reduce the generation of waste paper.

Packaging Materials Management

To ensure the quality of products, the Group has applied packaging materials, including carton box, plastic and paper in delivery and transportation process. The Group has optimised the use of packaging materials by reusing all the packaging materials. Any materials that cannot be reused will be disposed to landfill. During the Reporting Period, the consumption of packaging materials was as follows:

Packaging Materials Consumption	Unit	Total Packaging Materials Consumption 2024	2023	Change
Carton Box	tonnes	**616**	569	+8%
Plastic	tonnes	**104**	101	+3%
Total	tonnes	**720**	670	+7%
Intensity of Packaging Materials Consumption (per production volume in million)[12]	tonnes/production volume (in million)	**10.29**	10.47	–2%

For the year ended 31 December 2024, the total packaging materials consumption was 720 tonnes (2023: 670 tonnes), and the intensity of the total packaging materials consumption per production volume in million was 10.29 tonnes (2023: 10.47 tonnes). The total packaging materials consumption has increased by 7% and its intensity has decreased by 2% as compared to last year, which was mainly due to the increase in production volume and the Group's effort in minimising consumption of packaging materials during the Reporting Period, respectively.

Looking ahead, the Group will strive to manage the inventory control on packaging materials and the monitoring system on packaging materials purchase so as to avoid unnecessary consumption and minimise the consumption quantity. Moreover, considered the detrimental effect contributed by plastic materials on the environment, the Group has strategically outlined a phased approach to eliminate plastic packaging and adopt alternative packaging materials.

Also, the Group proactively reduces the use of raw materials in terms of product design, modification and presentation, minimising the amount of materials waste and saving cost of materials. Moving forward, the Group will continuously commit to sourcing environmentally friendly materials in its business operations.

The Environment and Natural Resources

The Group is well aware of its impacts on the environment, and systematically evaluates the impact of environmental risks based on the possibilities of the events as well as the degree of severity. Recognising the significant influence of environmental and natural resources on its operations, the Group is committed to fostering sustainable practices, managing natural resources responsibly, and proactively adapting to climate change.

The Group has established related procedures, as outlined in the sections headed "Emission" and "Use of resources" of this report, to mitigate the risks of pollution and commit to reducing the environmental impacts from manufacturing process in daily operation.

[12] During the Reporting Period, the Group has produced approximately 70,000,000 (2023: 64,000,000) units of products.

Environmental Education

The Group believes employees' dominance is crucial to environmental protection. To reinforce employee's understanding and awareness on conserving the environment, the Group provides support to employees, including ESG education and training under regular basis during the Reporting Period. The purpose of environmental education is to enhance employee's knowledge on the environmental standards and encourage them to be proactive and respectful to environmental protection.

During the Reporting Period, there was no incident with significant impacts on the environment and natural resources.

Climate Change

Climate change poses a common challenge globally, and the PRC, as the greatest developing country, recognises the importance of responding to climate change. The PRC government has implemented decisive policies, actions and measures by making two significant decisions in 2020, which is striving to achieve carbon peaking by 2030 and carbon neutrality by 2060. In alignment with the national policies, enterprises have gradually responded to climate change, and the Group is deeply acknowledged that climate change is driving operational risks and impacts. As of this Reporting Period, the Group has responded to the initiative of the PRC government and has complied with the national goals.

Our Response Towards Climate Change

The Group has to adapt and mitigate the impact from climate change on our operations and be prepared in responding to climate-related risks and opportunities in order to achieve sustainable development. The Group understands the potential climate-related risks and opportunities in the short-term, medium-term and long-term and their potential impacts on business strategy, operational and financial performance. We have adhered to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). We have identified a series of climate-related risk and opportunities relevant to our assets and services which are significant to us. The physical and transition risks and opportunities are discussed in the sections below.

Time period	Risks	Opportunities
Short-term (0 – 1 year)	• Physical risks – Our operation is facing risk from extreme weather events • Physical risks – Securing the skills and capability required to implement climate strategy	• Technologies to enhance the performance of operations and energy efficiency
Medium-term (5 years)	• Transition risks – Implementation of low-carbon policies for the operation • Transition risks – Supply and demand for certain commodities, products and services may change as climate related risks and opportunities are increasingly taken into account	• Transitioning to low carbon economy market to meet government decarbonisation targets
Medium to long-term (5+ years)	• Transition risks – Potential new regulation and policies • Transition risks – Development and use of emerging technologies may increase the operational costs, and reduce the Groups' competitiveness • Transition risks – The Group's reputation may be impacted due to changing customer or community perceptions of the Group's contribution to or detraction from the transition to a lower carbon economy	• Transitioning to low carbon economy market to meet government decarbonisation targets

Climate-related physical risks have the potential to damage the integrity of the Group's assets or interrupt and delay our product delivery to customers directly, which may negatively affect the Group's income. The priority of the Group in considering the physical risks is the increase in frequency and severity of extreme weather, followed by heat stress, as per the result of climate risk assessment. The Group has already set up a range of measures in place to enhance the reliance of its operations and avoid any physical damage to property. We implement contingency plan for extreme weather or emergency conditions. When there are extreme weather and emergency events, we continuously monitor the meteorological information and implement corresponding contingency plans, as well as following the government announcement in a timely manner. We would rearrange manpower, take precautionary measures to ensure staff safety in the event of adverse weather conditions such as typhoon, rainstorm and heatwave. The Group recognises the potential impact towards the building premises, we ensure our insurance covers fire incidents, third party injuries within our building premises, staff injury during the course of business, and transit loss or damage of shipment of finished goods. The mitigation measures will be reviewed timely to prevent major loss.

Considering the pace of change in countering climate change has expedited around the world, transition risks have the potential to increase the operational cost and market risk. The priority of the Group in considering transition risks are policy and legal risk, as well as technology risk. As climate change has increasingly become a global concern, the potential change in governmental policies and regulations, and failure in meeting market needs as well as stakeholders' expectations about the contribution to climate change may create additional challenges to the Group. As such, investment decision might be affected, resulting in financial loss. The Group has already identified the relevant risks and keep monitoring the market and policy updates. Following national regulation on vehicle fleets, we decide to replace traditional fuel vehicle by electric vehicles (EVs) accordingly and planned to invest according to the market needs and take this as an opportunity for long term development. Despite the fact that the Group is facing challenges from climate-related risks, we are willing to find opportunities in them. We have reinforced the management on energy targets, promoted resources saving measures and implemented renewable energy, etc. These measures promote energy efficiency and operation cost saving. Moreover, the Group has invested in green building research on the New Production Facility and promoted green office management.

Our ESG Committee and ESG Working Group will regularly review and monitor our business practices and processes to ensure the compliance of related laws and regulations. External consultancy service will be pursued when necessary. Looking ahead, the Group will continue reviewing the impact of climate change on business and incorporate climate-related risks and opportunities into operational considerations, such as changes in environmental-related regulations, in order to increase resilience.

Climate-related Scenario Analysis

During the Reporting Period, the Group engaged a third party consultant to conduct climate-related scenario analysis to assess the climate-related physical and transition risks, as well as the climate-related opportunities. Details of analysis are as follows:

Approach of Scenario Analysis

Scope of Scenario Analysis

- The Group's assets owned and managed in Hong Kong, the PRC and Japan which include its headquarter, operating offices and manufacturing sites.

Scenarios Adopted

Physical Risks	Intergovernmental Panel on Climate Change ("**IPCC**") AR6 SSP 1-2.6, SSP 2-4.5, SSP 3-7.0[13]
Transition Risks	Central Banks and Supervisors Network for Greening the Financial System ("**NGFS**"): Delayed Transition, Below 2º C, Current Policies
Rationale	• The scenarios developed take reference from IPCC (physical risks) and NGFS (transition risks) • The sources selected provide timeframes that align with strategic planning time horizon and the Paris Agreement • The scenarios chosen can potentially help the Company assess the level of exposure from physical and transition risks, and support its future strategic planning (e.g. relocate assets)

Time Horizon

Short-term	2030
Medium-term	2050
Long-term	2080

Relevance & Assumptions

- Analysis was conducted in 2024. It was expected that the asset locations will remain the same over the time horizon (as stated above)
- Mitigation measures will remain the same
- Physical risk: Assessed how climate-related weather events can possibly impact Company's asset and businesses
- Transition risk: Considered carbon price, energy mix, energy investment, electricity capacity, population and GDP, CO_2 emission, final energy demand etc. to determine the transition risk possess to the Company

[13] With reference to Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report Shared Socioeconomic Pathways.

Qualitative Analysis

The following analysis outlines the risk ratings under various climate-related scenarios in different time horizons. Risk levels are classified into 4 levels, namely "Extreme", "High", "Medium" and "Low". Selected possible climate-related opportunities are also suggested as follows for Company's considerations. Similarly, different ratings are assigned to the corresponding opportunities under different climate-related scenarios. Please refer to the legend and summary analysis tables as below.

Legend

Risk

- Extreme
- High
- Medium
- Low

Opportunities

- Extreme
- High
- Medium
- Low
- Not Applicable

Physical Risk Rating

Physical Risk Drivers	SSP 1-2.6			SSP 2-4.5			SSP 3-7.0		
	2030	2050	2080	2030	2050	2080	2030	2050	2080
Urban flood	High	High	High	Extreme	Extreme	Extreme	Extreme	Extreme	Extreme
Coastal flood	Medium	Medium	Medium	High	High	High	High	High	High
River flood	Medium	Medium	Medium	High	High	High	High	High	Extreme
Landslide	Medium	Medium	Medium	High	High	High	Extreme	Extreme	Extreme
Tsunami	Medium	Medium	Medium	High	High	High	High	High	High
Tropical Cyclone	High	High	High	Extreme	Extreme	Extreme	Extreme	Extreme	Extreme
Wildfire	Medium	Medium	Medium	High	High	High	High	High	High
Heat Waves	Medium	Medium	Medium	Medium	Medium	High	High	High	High
Sea level Rise	Medium	Medium	Medium	Medium	Medium	Medium	High	High	Extreme
Heat Stress	High	High	High	High	High	High	High	Extreme	Extreme
Drought	Medium	Medium	Medium	Medium	High	High	High	Extreme	Extreme
Water Stress	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Increased Precipitation	High	High	High	Extreme	Extreme	Extreme	Extreme	Extreme	Extreme
Water Depletion	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium

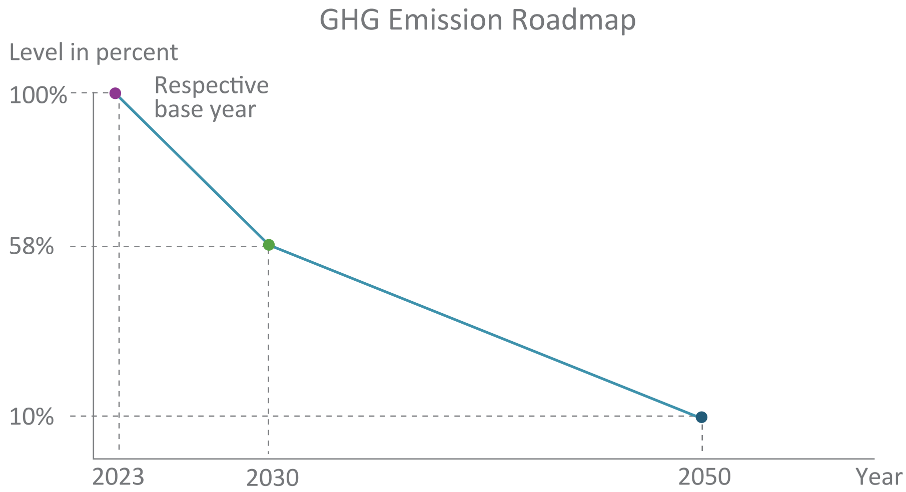
Transition Risk Rating

Transition Risk Drivers	Delayed Transition			Below 2°C			Current Policies		
	2030	2050	2080	2030	2050	2080	2030	2050	2080
Trade Restriction and Regulation									
Government Regulation									
Cap-and-trade System (one of the carbon pricing mechanism)									
Asset Stranding									
Volatile Market Structures									
Changing Consumer Preference and Behavior									
Reputation Risk									
Cash Flow and Financing Availability									
Technology Obsolescence									
Sustainable Energy Integration Challenges									
Supply Chain Resilience									
Workforce Skill Gaps									
Employment and Labour Market									
Legal and Litigation Risk									

Suggested Opportunities Rating

Risk Drivers	Possible Opportunities	Opportunities					
		SSP 1-2.6	SPP 2-4.5	SSP 3-7.0	Delayed Transition	Below 2°C	Current Policies
Physical							
Tropical Cyclone	– Investment in resilient infrastructure which can withstand extreme weather events e.g. rain gardens, permeable pavers, green roofs etc. to better manage stormwater runoff and reduce flooding risk						
Heat Stress	– Optimise working environment, with shaded areas, proper ventilation, hydration station, so as to boost productivity – Utilise shading device to reduce the solar heat penetration into the indoor areas to reduce cooling load – When comes into usage of air conditioning to improve indoor thermal comfort, select high efficiency air conditioners (e.g. high coefficient of performance) to reduce energy use						
Increasing Precipitation	– Invest in green infrastructure facilities that utilise increased precipitation for purposes like irrigation, cooling systems, or replenishing groundwater sources						
Transition							
Cap-and Trade System	– Create new revenue stream by investing in carbon offset projects						
Sustainable Energy Integration	– Increasing adoption of renewable energy						
Government Regulation	– Create a stable and predictable market environment with clear direction and targets						

Green Targets



Our ESG Committee acknowledges the imminence of climate-related action to be applied to the Group's operation. The Group has taken into account the SBTi science-based carbon target methodology and the Group's practical situation to come up with challenging yet achievable science-based carbon targets. Defining 2023 as the baseline year, the Group is committed to reducing Scope 1 and 2 emissions by at least 42% within 2030, and at least 90% by 2050, as compared to the baseline year, moving steadfastly towards the goal of achieving carbon neutrality. In the meantime, the Group is actively exploring and developing emission reduction strategies and targets for Scope 3 emissions. The Group is motivated to continuously reduce GHG emissions and improve our use of resources, through applying professional knowledge to improve on-site efficiency and maintaining efficient management support. Relevant action plans and corresponding strategies are established, details are illustrated in the following:

Aspects	Our Targets	Actions
Air emissions and GHG emissions	Reduce vehicle carbon emission by 20% within 2030; Reduce stationary source emission in project-based scenario	• Reasonable travelling. Reducing unnecessary travelling and arrange carpooling if feasible • Minimising long-distance and oversea business travelling by encouraging communication via electronic means • Adopting electric vehicles (EVs) as alternative to vehicle fleets
Waste	Reduce waste generation	• Minimising packaging materials required in our products • Adopting green procurement. Sourcing environmental friendly materials and adopting alternative packaging materials • Recycling and reusing carton boxes and office paper
Water	Reduce water consumption	• Using water efficient devices in new plumbing works • Arranging employee training to promote water conservation
Energy	Reduce Scope 2 emission by at least 50% within 2030; Reduce energy consumption	• Replacing traditional lighting with LED lamps • Utilising renewable energy (e.g. solar energy) instead of electricity generated from fossil fuels • Reducing unnecessary power consumption of lighting equipment and non-operating equipment • Promoting facilities optimisation with proper maintenance of equipment • Initiating preparation for ISO50001:2018 Certification • Purchase of renewable energy certificate

We will periodically review our progress and metrics as we continue to evaluate the effectiveness of our approach and measures.

The Group supports the global climate action and aligns with the local governments' emission reduction requirements, such as following local governments' emission reduction requirements by or before 2030, as well as to achieve carbon neutrality by 2050 in Hong Kong region and by 2060 in the PRC.

Looking ahead, the Group is committed to continuously taking effort on implementing its action plans to actively manage the environmental footprint, striving to achieve a low-carbon economy.

SOCIAL ASPECTS

The Group is committed to maintaining a high level of corporate social governance as it is important for the Group in constructing a safe and healthy work environment as well as establishing product quality and social credibility. In the meantime, the Group devotes itself to achieving the sustainable development of its business and community. To promote this business model, the Group exhibits prudence in managing its operations and cautious in executing decisions made by the management team. Internal policies established are detailed below:

- Remuneration Management Policy (工資管理制度);
- Employment Termination Management Practices (員工離職管理辦法);
- Attendance Management System (公司考勤管理制度);
- Recruitment Procedure (公司招聘程序);
- Human Resources Safety Control Manual (人力資源安全控制指引);
- Promotion System (晉升制度);
- Social Responsibility Management System (社會責任管理制度);
- Anti-discrimination and Anti-harassment Management Regulation (公司反歧視與騷擾管理規定);
- Training Management Regulation (培訓管理規範);
- Employee Training Procedure (員工之培訓程序); and
- Prohibition of Child and Forced Labor, Human Trafficking Provisions (禁止使用童工及強迫勞動，人口販賣規定).

Employment and Labour Practices

Employees are considered as the Group's valuable assets towards continuous success. The Group strives to provide its employees with a decent working environment while providing opportunities for them to develop alongside the Group's business growth. The Group has developed a comprehensive human resource management system, 'Employee Handbook' has been introduced as the management approach on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

The Group is eager to build and maintain a harmonious, fair and safe working environment for employees, and endlessly strives to enhance corporate social responsibility. The Group adopts employment policies that comply with the relevant laws and regulations in the PRC, Hong Kong and Japan, including but not limited to:

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong);
- Labour Law of the PRC《中華人民共和國勞動法》;
- Labour Contract Law of the PRC 《中華人民共和國勞動合同法》;
- Social Insurance Law of the PRC 《中華人民共和國社會保險法》;
- Law of the PRC on the Protection of Minors《中華人民共和國未成年人保護法》;
- Law of the PRC on Safeguarding the Rights and Interests of Women《中華人民共和國婦女權益保護法》;
- Guangdong Province on the Protection of Disabled Persons《廣東省殘障人士就業辦法》;
- Implementation Measures for Paid Annual Leave for Enterprise Employees 《企業職工帶薪年休假實施辦法》;
- Administrative Regulations on Housing Provident Funds 《住房公積金管理條例》; and
- Labour Standards Act of Japan.

During the Reporting Period, there were no cases of non-compliance regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

Employee Profile and Turnover

As at the end of the Reporting Period, the number of employees by gender, age group, employee type, employee category and geographical region are illustrated in the table below.

Employee	2024	2023
By gender		
– Male	**577**	550
– Female	**751**	714
By age group		
– Below 30	**259**	234
– 31 – 40	**424**	418
– 41 – 50	**454**	447
– 51 and above	**191**	165
By employee type		
– Full Time	**1,328**	1,264
– Part Time	**0**	0
By employee category		
– Senior Management	**14**	11
– Middle Management	**41**	41
– Supervisor	**74**	68
– General Staff	**1,199**	1,144
By geographical region		
– Hong Kong	**44**	43
– Dongguan	**1,252**	1,190
– Shenzhen	**22**	22
– Japan	**10**	9
Total	**1,328**	1,264

In the Reporting Period, the employee turnover rate based on gender, age group, employee category and geographical region are illustrated in monthly basis shown in the table below.

Employee Turnover Rate[14]	2024	2023	Change[15]
By gender			
– Male	**4.1%**	3.5%	↑0.6ppts
– Female	**2.3%**	3.3%	↓1.0ppts
By age group			
– Below 30	**7.6%**	5.8%	↑1.8ppts
– 31 – 40	**2.9%**	3.7%	↓0.8ppts
– 41 – 50	**1.7%**	2.6%	↓0.9ppts
– 51 and above	**0.8%**	1.0%	↓0.2ppts
By employee category			
– Senior Management	**0.0%**	1.5%	↓1.5ppts
– Middle Management	**0.8%**	0.8%	–
– Supervisor	**0.2%**	1.2%	↓1.0ppts
– General Staff	**3.4%**	3.6%	↓0.2ppts
By geographical region			
– Hong Kong	**0.8%**	1.6%	↓0.8ppts
– Dongguan	**3.2%**	3.5%	↓0.3ppts
– Shenzhen	**0.8%**	1.9%	↓1.1ppts
– Japan	**0.8%**	0.9%	↓0.1ppts
Total	**3.1%**	3.4%	↓0.3ppts

As at the end of Reporting Period, the overall turnover rate was 3.1% (2023: 3.4%), marking a reduction of 0.3 ppts. The Group values employee satisfaction and provides competitive remuneration package in order to retain talents. To understand employees and enhance the Group's resources management, the Group conducted exit-interview with employees to collect feedbacks for improvements on our operation and resources management system.

14 Employee turnover rate = (Total number of employees turnover per year/12 months)/ Total number of employees at the end of Reporting Period.

15 The employee turnover rate change is presented by the differences in ppts.

Recruitment

The recruitment process has strictly followed and abided by local laws and regulations. All illegal means such as retention of identity cards or passports, intimidation, coercion and undue pressure are strictly prohibited. In adherence to the strict prohibition of child labour, we enforce identity check as a mandatory step in our recruitment process, coupled with annual checks to prevent any instances of child labour. If any instances of child labour are discovered, immediate termination of employment will ensue. If necessary, the Group will seek assistance from relevant institutions. The Group's dismissal process complied with all relevant laws and regulations.

During the Reporting Period, the Group was in compliance with relevant laws and regulations relating to preventing child and forced labour, and as such no rectification was required.

Equal Opportunities

The Group is committed to providing equal opportunities in the process of recruitment, hiring and employment. The fair and equal employment practice during recruitment procedures is applied to hire new employees. The Group appreciates the cultural diversity in the workplace, as such our recruitment is based on candidates' experiences, education backgrounds, abilities and business needs, regardless of race, gender, age, marital status, pregnancy, family status, sexual orientation, religion and nationality. The Group has developed policies for anti-discrimination and anti-harassment to foster equal opportunities.

Promotion

All talented employees have the potential to be promoted, evaluation is based on their capabilities, work performance, job-related training and personal career development. Along with work performance, the continuous education, qualification and professional certificates are given priority during the consideration of promotion. The Group adopts semi-annual and annual appraisals to review employees' performance and discussion on employees' needs and expectations. During the appraisals, the Group highlights outstanding performers and offers employees promotion package to retain talents.

Remuneration and Dismissal

The Group strives to attract and retain qualified, enthusiastic and committed employees by offering fair and reasonable remuneration package and benefits. The Group respects the right of employees and provides fair remuneration that are linked to the employee performance. The Group benchmarks the employees' salary against industry standards and offers competitive remuneration package to recruit talented employees.

For dismissal procedures, the "Termination Policy" specifies the conditions for employee resignation and company dismissal, as well as the procedure for employee dismissal. In order to improve the human resources management system, exit interviews are conducted with employees to understand the reasons for resignation.

Working Hours and Rest Period

The Group agrees and values the importance of work-life balance as it links to employee's productivity and well-being. To avoid employee from working overtime, the Group is operated under meticulous production schedule and arranged reasonable production workflow. A multi-shift system is used in our production line to ensure employees have adequate time to rest. The Group's statutory holidays are implemented in accordance with national regulations, including marriage leave, bereavement leave, maternity leave, paternity leave, lactation leave, work-related injury leave and etc.

Benefits and Welfares

According to the applicable laws, the Group contributes "Five Social Insurances and One Housing Fund" to employees in the PRC; Mandatory Provident Fund (MPF) scheme is offered to employees in Hong Kong; and the retirement allowance is offered to employees in Japan.

The Group values employees' opinion, and in-house labour union was formed. Quarterly employee communication forum with the Group's representatives were held as the platform for all employees to join and express opinions.

To cultivate employees' sense of belonging, the Group promotes workplace friendship and cultivates team spirit by organising various recreational activities regularly. During the Reporting Period, the Group has arranged various activities for all employees, for instance, sports competitions, team-building activities, tourism activities, birthday celebration events, family day, festivals celebration parties and annual dinner. The Group values employees' well-being, facilities including basketball courts, badminton courts, table tennis, library and employee dormitories are provided for all employees.

2024 Sports Competitions

Team Building Activities

Tourism Activities

Employees' Birthday Celebration Events

Vincent Medical Family Day

Mid-Autumn Festival Celebration Activities

International Women's Day Gifting Activities

Employee Exchange Meeting

2024 Annual Dinner

Christmas Celebration Activities

Winter Solstice Celebration Activities

The Group has continued to contribute to the employees' welfare fund during the Reporting Period to help employees who are in need. The fund provides a wide variety of support to all employees who have passed the probationary period. The welfare fund includes medical aid, disability assistance, wedding gifts and condolence money. During the Reporting Period, employees received food and beverages on a monthly basis, and gifts during every festival to share with their families.

Training and Development

The Group has been cultivating a continuous professional development culture. To improve the overall quality of employees, the Group encourages employees to replenish their knowledge and acquire new skills to perform jobs and overcome challenges under the modern competitive market environment. The human resources department stipulates training schedules for employees. During the Reporting Period, training topics include but were not limited to:

- Technical knowledge training;
- Product knowledge training;
- Information security training;
- Soft skill development training;
- Occupational health and safety training;
- Environmental protection training; and
- ESG training.

In order to enhance the convenience and flexibility in training, the Group tends to provide more online trainings to employees. During the Reporting Period, an overall of 91% of employees have been trained and the trained employees have received an average of approximately 16 training hours, accumulating a total of 29,875 training hours.

During the Reporting Period, the percentage of trained employees presented by gender and employee category are shown below:

	Percentage of trained employees[16]
By gender	
Male	90%
Female	93%
By employee category	
Senior Management	86%
Middle Management	91%
Supervisor	89%
General Staff	91%
Overall	91%

During the Reporting Period, the average training hours presented by gender and employee category are shown below:

	Average training hours[17]
By gender	
Male	13 hours
Female	19 hours
By employee category	
Senior Management	12 hours
Middle Management	11 hours
Supervisor	15 hours
General Staff	17 hours
Overall	16 hours

16 Percentage of trained employee = Employees received training in each category during the Reporting Period / (Total number of employees in each category at the end of Reporting Period + Total number of employees turnover in each category during the Reporting Period).

17 Average Training Hours = Total training hours during the Reporting Period / (Total number of employees at the end of Reporting Period + Total number of employees turnover during the Reporting Period).

Occupational Health and Safety

The Group strives to create a safe and healthy working environment for employees as occupational health and safety are one of the Group's core values. The Group has complied with all relevant laws and regulations, including but not limited to the "Work Safety Law of the PRC《中華人民共和國安全生產法》" and the "Regulations on Work–Related Injury Insurance《工傷保險條列》". In regard of the needs in identifying and mitigating potential hazards and dangers at the workplace, safety committee was established and safety managers took responsibility in conducting and monitoring workplace safety strategies and procedures.

The Group provides regular health and body check for employees to ensure they are physically fit and are well equipped for work. Special job arrangement is available for workers who are under health concerns. At workplace, warning signs and notices are placed at the prominent area to raise awareness in occupational health and safety. Personal protective equipment (PPE), medical check-up, regular safety checks and fire drill practices and machinery inspections are provided for workers.

Health and safety education and training are conducted as effective ways of preventing accidents. All newcomers must attend the occupational health and safety training, contents include emergency handling, cardiopulmonary resuscitation (CPR) training, and disease prevention trainings. These measures are proposed to ensure all employees are fully aware of health and safety matters in workplace.

In-house communication platform and an anonymous system, including email and hotline are available for employees to lodge complaints and express their concerns. By implementing measures as mentioned, the Group can fully take up the advice on employees' health and safety concerns.

During the Reporting Period, there were no work-related fatalities in the Group over the past three years.

Number of Work-related Fatality		
2024	**2023**	**2022**
0	0	0

During the Reporting Period, the Group had minor injuries occurred in the operating sites, which accounted for a total of 2 lost days (2023: 129 lost days). The Group has complied with all relevant laws and regulations, provided prompt and appropriate assistance to the injured employees, and the Group has carried out an intensive investigation to examine the root cause of the accidents. Looking ahead, the Group will continuously enhance the health and safety measures and enforce workers' safety awareness in workplace.

Operating Practices

Supply Chain Management

The Group believes its success is largely driven by reliable and honest supply chain, and the source of high-quality medical materials from reputable suppliers are attributed to providing extensive products for customers. The Group has established the supply chain management policy, including the "Evaluation & Approval of Supplier Procedure", "Incoming Inspection Procedure or Monitoring" and "Measuring for Product Procedure" to manage the supply chain. As the quality of the medical products will have significant impact on patients' safety and experience, suppliers are selected in accordance with quality control requirements. In the supplier selection procedures, price, quality, on-time delivery and flexibility are the key performance indicators. Suppliers are required to submit quality management system certificates, and certification documents for qualified products are required for verification when necessary. Priority is given to the suppliers with quality management system certification. The supplier evaluation team from the quality and engineering department conducts an onsite audit to assess the potential suppliers' quality standards.

The Group believes that positive influence throughout the supply chain is also a component of social responsibility. Aligned with the Group's value, the Supplier Corporate Social Responsibility Code of Conduct is established in supplier selection. In terms of social responsibility, all of our suppliers and contractors are governed by the Code of Conduct, which is formed by five primary social responsibilities, including:

- Environmental Protection;
- Health and Safety;
- Intellectual Property;
- Conflict of Interest; and
- Human Rights.

The Group sources materials and services globally, and qualified suppliers are registered in "Approved Vendor List" once approved. To ensure the stability and safeguarding of the supply chain, an annual supplier evaluation is conducted to ensure that their performance is consistent in fulfilling tender requirements. For those unqualified in the annual evaluation, they will be removed from the vendor list. As at 31 December 2024, the distribution of suppliers by geographical region was illustrated below:

Region	Number of Suppliers
The PRC	604
Hong Kong	52
The US	72
Other Countries	57
Total	**785**

Product Responsibility

The Group has complied with the "Product Quality Law of the PRC《中華人民共和國產品質量法》" and is committed to promoting advanced innovative development and manufacturing in medical technology, including ventilator humidification control, high-flow nasal cannula therapy and post-stroke EMG biofeedback rehabilitation. Meanwhile, in view of the rapid development of medical industry, Vincent Medical continues to uphold its value proposition of "Patients First" by developing and providing its device and disposables to those in need. Our collaborations with global medical technology groups continue to gain steady progress.

The Group focuses on product localisation through revising all aspects of the devices in order to meet the cultural, regulatory and usage standards, which supports our products in fulfilling the market needs as well as complying with the standards and requirements.

Looking ahead, the Group will continuously support the production process that provides technological excellence as well as high-quality products and solutions, and generate sustainable product demand, allowing the Group to capture greater market share through co-developed solutions with our partners.

Customer Health and Safety

Medical device forms an essential part of the treatment procedure for almost all health conditions and it is essential to ensure products are effective and safe to handle. All products are sold under non-defected condition and complied with specifications. The Group applies comprehensive Quality System Procedure and inspection in each production process to ensure customers' health and safety.

Quality Assurance and Management

Quality is highly important for medical products as defective products may cause irreversible and detrimental consequences to patients. The Group has fully complied with the related laws and regulations, and successfully attained Certifications on ISO 13485:2016 Medical Device Quality Management System. The Group is committed to adopting a proactive and structural approach in quality risk management from the conceptual stage to after-sales services. Production staff and quality control staff are responsible in performing self-quality checking and aligning with the Group's stringent quality standards.

Quality assurance of the medical devices is required, and the Group was meticulous in raw materials selection, manufacturing, and exporting. Quality System Procedure is adopted to guide employees to properly perform quality assurance.

Products must be manufactured under a high sanitary environment. The Group maintains a standard level of hygiene, its "Production Environmental Control Procedure" follows the guide under the NMPA and ISO 14644 standard requirement. Medical devices, including the heated humidifier and heated humidifier respiratory unit, were granted an Emergency Use Authorisation from the FDA. Also, the Group has committed and completed the transition of the class I, class IIa and class IIb products in the EU MDR.

Product Recall and Complaint Handling

The Group strives to provide quality products and exceptional customer service and has stipulated a procedure to standardise the handling of customer complaint. During the Reporting Period, the Group manufactured approximately 70,000,000 units of products. The Group is pleased to note that there were no significant product recalls and reportable events on safety or malfunction of devices issues during the Reporting Period.

Feedback from the customers on products supplied by the Group helps us improve our services and product quality. The Group has established guidelines on handling customer complaints and opinions with care. During the Reporting Period, there were 105 complaints, among those, 96 complaints have been addressed according to internal complaint handling procedures, whilst the remaining 9 cases were related to defected product and technical issues on internet connection and software system. Looking ahead, the Group will continuously take efforts in improving its product quality, as well as enhancing professional service, in order to provide satisfactory medical device and customer service.

Advertising and Product Labelling

To maintain ethical standards in product labelling, the Group has established Products Labelling Policy. Warning or caution and information of medical devices products are affixed to Vincent Medicals' products or packaging.

Intellectual Property Rights

The Group is innovative in developing and manufacturing a wide range of electronic medical devices, therefore, intellectual properties are crucial to the Group's business expansion and commercial success. As at 31 December 2024, the Group owned 139 intellectual property rights, and registered 148 trademarks. We have established an "Intellectual Property Management System" to ensure that the interests of the Group and its customers are protected. The Group strives to protect its intellectual property rights and respect third party intellectual property rights, and has strictly abided by relevant laws and regulations, including the Patent Law, the Copyright Law, the Trademark Law and the Anti-Unfair Competition Law. We engaged intellectual property counsels and consultants to review on a timely basis to ensure new and existing rights are adequately preserved.

Customer Data Protection and Privacy

The Group attaches great significance and importance to the confidential information of the customers. Employees are required to sign the "Non-Competition Restriction Agreement", which stipulates that the trade secrets and technologies obtained by employees shall not be disclosed to third parties and must not be used to make profits for themselves or others.

For cybersecurity, IT department encrypts the data on a regular basis, and has adopted the updated and authorised software system to prevent leakage of customer and personal information. To enhance employees' privacy awareness, information security training and cybersecurity training were provided on a timely basis. In order to protect the interests of customers as well as the Group, and to satisfy customers' requirements, it is strictly prohibited to disclose any personal data and confidential information to third parties and public without customers' consent.

Anti-corruption Policy

The Group is committed to maintaining the highest ethical standards and vigorously enforces the integrity of its business practices. We adopted a zero-tolerance approach to bribery and formulated the Anti-Corruption Policy. The Group strictly abides by the local laws and regulations, including but not limited to the "Criminal Law of the PRC《中華人民共和國刑法》", the "Anti-Money Laundering Law of the PRC《中華人民共和國反洗錢法》", the Prevention of Bribery Ordinance (Cap. 201) in Hong Kong and Unfair Competition Prevention Action in Japan. Any form of bribery, extortion, fraud and money laundering are prohibited and anti-corruption policies are applicable to all employees with no exception. During the Reporting Period, the Group has no case of non-compliance regarding corruption against the Group and our employees.

The Group has implemented Anti-Corruption Policy. Under the Anti-Corruption Policy, the Group and its employees are:

- Prohibited from commercial offering, soliciting, accepting or receiving a bribe of any kind, including kickbacks, directly or indirectly;
- Prohibited from taking advantage and seeking personal advantages from personal conflict of interest;
- Prohibited from unauthorised or illegal use or occupation of company resources for improper benefit;
- Prohibited from making facilitation payments, records and statements; and
- Prohibited from fraud that may jeopardise the interests of the Group and Shareholders.

The Chief Financial Officer and the administration department of the Company shall review the Anti-corruption Policy as and when appropriate to ensure its continued effectiveness. Any amendments that may be required shall be discussed and approved by the ESG Committee.

The Group has arranged employee compliance training for directors and employees to remind them to maintain a high level of ethical conduct and enhance their business integrity. During the Reporting Period, 380 anti-corruption training hours include anti-fraud trainings on laws, regulations, compliance and ethics of integrity. The Group continuously organises anti-fraud trainings delivered by company lawyer to all levels of staff in order to raise their awareness of anti-corruption.

Business Ethics & Anti-corruption Training

Whistleblowing Policy

The Group has established the Whistleblowing Policy to ensure that all cases of suspected wrongdoing are reported and managed in a timely and appropriate manner. The Whistleblowing Policy outlines the reporting process for employees to report any concerns including but not limited to criminal offence, fraud, breach of local laws and regulations or the Group's policies and any other improper, unethical or inappropriate behaviour. Employees can raise their concerns on an anonymous basis by email. Once the cases are accepted, investigation will be conducted by the CEO or an appropriate senior manager as appointed by the CEO as the alternative investigating officer (as the case may be) in accordance with all relevant laws and regulations. The Whistleblowing Policy ensures the whistleblowers report in good faith and would be protected from being victimised or subjected to any detriment, all matters will be kept in high confidentiality and sensitivity manner.

The Board will review the Whistleblowing Policy to ensure its effectiveness on a timely basis (not less than once per year).

Community Investment

The Group believes that community contribution is important for sustainable development as it helps to establish a harmonious society. The Group strives to make contributions to various non-governmental organisations and encourage its employees to participate in voluntary services organised by local charities. During the Reporting Period, the Group's corporate volunteer team contributed 519 volunteering hours in delivering voluntary services to the local communities, for instance during Qingming Festival and Mid-Autumn Festival.

During the Reporting Period, the Group have donated in aggregate RMB130,000 to various organisations in Tangxia Town, Fenggang Town and Kaiping City, the PRC. The Group was awarded the 2024 Public Welfare Exemplary Enterprise, recognising its efforts in promoting community welfare and social responsibility.

2024 Public Welfare Exemplary Enterprise

During the Reporting Period, the Group also encouraged employees to participate in blood donation campaign.

Employees Participate in Blood Donation Campaign

The Group continuously contributed to supporting underprivileged communities. During Mid-Autumn Festival, our team visited several solitary elderly's homes, shared festival delight and provided them sincere supports.

Visiting Solitary Elderly

The Group has carried out greening and afforestation activities during the Reporting Period, demonstrating commitment to protecting the environment and biodiversity, widely publicising the importance of forests conservation.

Environmental Protection – Greening Activities

Looking ahead, the Group aims to develop long-term relations with stakeholders based on mutual trust, respect and integrity, and hence make continuous contribution to the community.

APPENDIX C2 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section
A: Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data	Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions – Wastes
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Wastes
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Climate Change – Green Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Wastes
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Climate Change – Green Targets
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Packaging Materials Management

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Environmental Education
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Our Response Towards Climate Change
B: Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labour Practices
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment and Labour Practices – Employee Profile and Turnover
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Practices – Employee Profile and Turnover
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Employment and Labour Practices
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Labour Practices – Recruitment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Labour Practices – Recruitment
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of supply chain.	Operating Practices – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Operating Practices – Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Operating Practices – Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating Practices – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Operating Practices – Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices – Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operating Practices – Product Recall and Complaint Handling
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Operating Practices – Product Recall and Complaint Handling
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operating Practices – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices – Quality Assurance and Management
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices – Customer Data Protection and Privacy
Aspect B7: Anti-corruption		
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption Policy
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption Policy
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption Policy and Whistleblowing Policy
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption Policy
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

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TO THE SHAREHOLDERS OF VINCENT MEDICAL HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Vincent Medical Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 121 to 201, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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 we identified is:

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for inventories	
Refer to Note 5(e) (critical judgements and key estimates) and Note 24 (inventories) to the consolidated financial statements for the related disclosures. As at 31 December 2024, inventories of the Group amounted to HK$162,721,000. As disclosed in Note 4(h) to the consolidated financial statements, inventories are stated at the lower of cost and net realisable value ("**NRV**"). The management determines the allowance for inventories with reference to the aging analysis and the estimated NRV for obsolete inventory items that are no longer suitable for use in operations and/or slow-moving inventory items at the end of each reporting period. During the year, provision for impairment of inventories of HK$7,360,000 was made to write down the carrying amount of certain inventories to their estimated NRV as at 31 December 2024. We identified the estimated allowance for inventories as a key audit matter due to the significance of the balances and the judgment exercised by management in determining the NRV of the inventories.	Our procedures in relation to estimated allowance for inventories included: – Understood and evaluated management's internal control and assessment process of estimating the NRV of the inventories and conducting periodic review on inventory obsolescence; and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity and susceptibility to management bias or fraud; – Examined the basis of the methodology with respect to inventory provisions and evaluated amongst others, the outcome of management's estimations in prior year, and analysis and assessment made by management with respect to slow moving and obsolete inventories; – Observed client's inventory counts to identify where there was any damaged or obsolete inventories; – Tested, on a sample basis, the accuracy of the ageing profile of individual inventory items by checking to the underlying procurement correspondence and invoices; and – Tested, on a sample basis, the NRV of selected inventory items, by comparing the latest selling price against the carrying values of these individual inventory items.

OTHER INFORMATION

The directors 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.

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the 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 assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the 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 Audit Committee, 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.

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

We also provide 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 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 Ms. Liu Fung Yi.

RSM Hong Kong
Certified Public Accountants
Hong Kong

19 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Revenue	8	**800,963**	717,973
Cost of sales		**(540,971)**	(477,586)
Gross profit		**259,992**	240,387
Other income, other gains and losses	9	**1,476**	(548)
Selling and distribution expenses		**(39,238)**	(38,928)
Administrative expenses		**(111,962)**	(99,068)
Research and development expenses		**(30,599)**	(36,063)
Profit from operations		**79,669**	65,780
Finance costs	11	**(1,362)**	(1,682)
Share of (losses)/profits of associates		**(307)**	2,701
Share of (losses)/profits of joint ventures		**(21)**	116
Profit before tax		**77,979**	66,915
Income tax expense	12	**(7,083)**	(8,707)
Profit for the year	13	**70,896**	58,208
Attributable to:			
Owners of the Company		**69,167**	57,275
Non-controlling interests		**1,729**	933
		70,896	58,208
Earnings per share	17		
Basic		**HK10.75 cents**	HK8.87 cents
Diluted		**n/a**	n/a

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	2024 **HK$'000**	2023 HK$'000
Profit for the year	**70,896**	58,208
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Fair value changes of equity investments at fair value through other comprehensive income ("**FVTOCI**")	**(1,829)**	2,327
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(11,101)**	(6,539)
Other comprehensive income for the year, net of tax	**(12,930)**	(4,212)
Total comprehensive income for the year	**57,966**	53,996
Attributable to:		
Owners of the Company	**56,924**	53,287
Non-controlling interests	**1,042**	709
	57,966	53,996

Consolidated Statement of Financial Position

At 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	18	**220,513**	101,200
Right-of-use assets	19	**49,773**	47,816
Other intangible assets	20	**7,712**	4,826
Investments in associates	21	**2,396**	2,701
Investments in joint ventures	22	**1,955**	3,317
Equity investments at FVTOCI	23	**24,973**	26,802
Non-current deposits	26	**24,446**	26,002
Deferred tax assets	33	**260**	1,295
Total non-current assets		**332,028**	213,959
Current assets			
Inventories	24	**162,721**	173,848
Trade receivables	25	**169,332**	172,394
Contract assets	8	**31,613**	14,820
Prepayments, deposits and other receivables	26	**50,551**	35,804
Bank and cash balances	27	**173,440**	175,784
Total current assets		**587,657**	572,650
TOTAL ASSETS		**919,685**	786,609
EQUITY AND LIABILITIES			
Share capital	28	**6,533**	6,533
Reserves	30(a)	**572,020**	535,310
Equity attributable to owners of the Company		**578,553**	541,843
Non-controlling interests		**4,806**	1,248
Total equity		**583,359**	543,091
Non-current liabilities			
Borrowings	36	**53,853**	–
Lease liabilities	32	**6,226**	1,839
Deferred tax liabilities	33	**4,307**	5,052
Total non-current liabilities		**64,386**	6,891
Current liabilities			
Borrowings	36	**26,306**	21,046
Lease liabilities	32	**13,264**	14,500
Trade payables	34	**41,601**	59,858
Other payables and accruals	35	**170,567**	115,725
Current tax liabilities		**20,202**	25,498
Total current liabilities		**271,940**	236,627
TOTAL EQUITY AND LIABILITIES		**919,685**	786,609
Net current assets		**315,717**	336,023
Total assets less current liabilities		**647,745**	549,982

Approved by the Board of Directors on 19 March 2025 and are signed on its behalf by:

Mr. CHOI Man Shing **Mr. CHOI Cheung Tai, Raymond**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium account HK$'000	Shares held for share award scheme HK$'000	Share-based payments reserve HK$'000	Merger reserve HK$'000	Foreign currency translation reserve HK$'000	FVTOCI reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023	6,533	161,709	(1,085)	7,486	12,094	(14,726)	(22,709)	348,709	498,011	602	498,613
Total comprehensive income for the year	–	–	–	–	–	(6,315)	2,327	57,275	53,287	709	53,996
Purchase of shares for share award scheme	–	–	(3,273)	–	–	–	–	–	(3,273)	–	(3,273)
Share-based payments	–	–	–	1,877	–	–	–	–	1,877	–	1,877
Acquisition of equity interests in a subsidiary from non-controlling interests	–	–	–	–	–	–	–	(17)	(17)	17	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(80)	(80)
Dividend paid *(Note 16)*	–	–	–	–	–	–	–	(8,042)	(8,042)	–	(8,042)
Changes in equity for the year	–	–	(3,273)	1,877	–	(6,315)	2,327	49,216	43,832	646	44,478
At 31 December 2023	6,533	161,709	(4,358)	9,363	12,094	(21,041)	(20,382)	397,925	541,843	1,248	543,091

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium account HK$'000	Shares held for share award scheme HK$'000	Share-based payments reserve HK$'000	Merger reserve HK$'000	Foreign currency translation reserve HK$'000	FVTOCI reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2024	6,533	161,709	(4,358)	9,363	12,094	(21,041)	(20,382)	397,925	541,843	1,248	543,091
Total comprehensive income for the year	-	-	-	-	-	(10,414)	(1,829)	69,167	56,924	1,042	57,966
Share-based payments	-	-	-	943	-	-	-	-	943	-	943
Capital contributions from non-controlling interests and dilution of interests in a non-wholly subsidiary	-	-	-	-	-	-	-	(1,214)	(1,214)	2,563	1,349
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(47)	(47)
Dividend paid *(Note 16)*	-	-	-	-	-	-	-	(19,943)	(19,943)	-	(19,943)
Transfer	-	-	-	-	-	-	8,124	(8,124)	-	-	-
Changes in equity for the year	-	-	-	943	-	(10,414)	6,295	39,886	36,710	3,558	40,268
At 31 December 2024	6,533	161,709	(4,358)	10,306	12,094	(31,455)	(14,087)	437,811	578,553	4,806	583,359

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**77,979**	66,915
Adjustments for:			
Allowance for inventories	13	**7,360**	4,678
Amortisation of other intangible assets	13	**2,632**	2,870
Depreciation of property, plant and equipment	13	**19,570**	19,315
Depreciation expenses of right-of-use assets	13	**14,366**	16,146
Equity-settled share-based payments	13	**943**	1,877
Finance costs	11	**1,362**	1,682
Gain on derecognition of a lease contract	9	**–**	(4)
Gain on disposal of property, plant and equipment	9	**–**	(453)
Impairment of investment in a joint venture	9	**1,152**	1,660
Impairment of trade receivables	9	**2,766**	1,087
Interest income	9	**(1,203)**	(697)
Provision for warranties	13	**27**	176
Reversal of impairment of trade receivables	9	**(152)**	–
Reversal of provision for warranties	13	**–**	(1,886)
Share of losses/(profits) of associates		**307**	(2,701)
Share of losses/(profits) of joint ventures		**21**	(116)
Write off of inventories	13	**3,054**	787
Write off of prepayments and deposits	9	**–**	817
Write off of property, plant and equipment	9	**1,067**	75
Operating profit before working capital changes		**131,251**	112,228
Increase in inventories		**(3,711)**	(8,035)
Increase in trade receivables		**(32)**	(14,623)
(Increase)/decrease in contract assets		**(16,793)**	1,618
(Increase)/decrease in prepayments, deposits and other receivables		**(15,093)**	3,835
(Decrease)/increase in trade payables		**(17,432)**	17,340
Increase in other payables and accruals		**8,674**	20,211
Cash generated from operations		**86,864**	132,574
Income tax paid		**(11,885)**	(5,917)
Interest paid		**(1,187)**	(1,176)
Interest on lease liabilities		**(309)**	(506)
Net cash generated from operating activities		**73,483**	124,975

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital contribution to a joint venture	**–**	(5)
Interest received	**1,203**	697
Payment for purchases of property, plant and equipment	**(94,465)**	(31,636)
Payment for purchase of other intangible assets	**(5,543)**	–
Payment for right-of-use assets	**–**	(32,059)
Sale proceeds from disposal of property, plant and equipment	**–**	637
Addition to investment in an associate	**(2)**	–
Net cash used in investing activities	**(98,807)**	(62,366)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of shares for share award scheme	**–**	(3,273)
Borrowings raised	**90,350**	21,064
Repayment of borrowings	**(30,839)**	(38,500)
Principal elements of lease payment	**(14,477)**	(16,536)
Capital contributions from non-controlling interests	**1,349**	–
Dividend paid to non-controlling interests	**(47)**	(80)
Dividend paid to owners of the Company	**(19,943)**	(8,042)
Net cash generated from/(used in) financing activities	**26,393**	(45,367)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,069**	17,242
Effect of foreign exchange rate changes	**(3,413)**	(799)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**175,784**	159,341
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**173,440**	175,784
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**173,440**	175,784

1. GENERAL INFORMATION

Vincent Medical Holdings Limited (the "**Company**") was incorporated as an exempted company in the Cayman Islands with limited liability on 19 November 2015. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business in Hong Kong is Units 1604-07A, 16/F., Two Harbourfront, 22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 42 to the consolidated financial statements.

Vincent Raya International Limited, a company incorporated in the British Virgin Islands (the "**BVI**"), is the ultimate parent of the Company. Mr. Choi Man Shing ("**Mr. Choi**") and Ms. Liu Pui Ching are the ultimate controlling parties of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("**HK Int 5**") (Revised)	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

Adoption of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (collectively the "HKAS 1 Amendments")

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

"Borrowings are 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 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."

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments. The Group has provided additional disclosures about its non-current liabilities subject to covenants in Note 6(c).

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3. ADOPTION OF REVISED HKFRS ACCOUNTING STANDARDS (CONTINUED)

(b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 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 by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

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

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

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Consolidation (Continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

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

(b) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Associates (Continued)

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which include any long-term interests that in substance, from part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of each of its joint arrangements and determined them to all be joint ventures.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Joint arrangements (Continued)

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of a joint venture's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's entire carrying amount of that joint venture (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency translation

(i) 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 Hong Kong dollars ("**HKD**"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Foreign currency translation (Continued)

(ii) Transactions and balances in each entity's financial statements (Continued)

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

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

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (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 exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified in the consolidated profit or loss as part of the gain or loss on disposal.

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

(e) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Furniture and fixtures	20% – 33%
Plant and machinery	10% – 20%
Leasehold improvements	20% – 33%
Moulds	20% – 33%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings and leasehold improvements under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Leases

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

The Group as a lessee

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily IT equipment. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Leases (Continued)

The Group as a lessee (Continued)

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

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, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Other intangible assets

Use right

Use right is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives.

Patents and trademarks

Patents and trademarks are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives.

License right

License right is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the license period.

Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives or license period.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("**ECL**") in accordance with the policy set out in Note 4(y) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(k) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Equity investments

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL.

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised 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 capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are 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 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(p) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Shares held for share award scheme are deducted from equity.

(r) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

OEM products that have no alternative use to the Group and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method, by reference to the costs incurred to date over the total expected costs. Otherwise, sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been delivered to the designated location prescribed by the customer.

Revenue from the sales of OBM products are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer 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.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(s) Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the profit or loss represents contributions payable by the Group to the funds.

For long service payment ("**LSP**") obligation, the Group accounts for the employer Mandatory Provident Fund ("**MPF**") contributions expected to be offsetted as a deemed employee contribution towards the LSP obligation in term of HKAS 19 paragraph 93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

(iii) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(t) Share-based payments

(i) *Share option scheme*

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(t) Share-based payments (Continued)

(ii) Share award scheme

Under the share award scheme, shares are issued to directors and employees for no cash consideration. The fair value of the employee services received in exchange for the award of the shares is recognised as an expense with a corresponding adjustment to equity. The total amount to be expensed is determined by reference to the market value of the shares awarded at the grant date. The total expense is recognised over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied.

(u) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(w) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(w) Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends either to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

(x) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating units ("**CGU**") to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(y) Impairment of financial assets and contracts assets

The Group recognises a loss allowance for ECL on trade receivables, deposits, other receivables, contract assets and bank balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(y) Impairment of financial assets and contracts assets (Continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

– significant deterioration in external market indicators of credit risk for a particular financial instrument;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

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

– significant increases in credit risk on other financial instruments of the same debtor; and

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(y) Impairment of financial assets and contracts assets (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(y) Impairment of financial assets and contracts assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(z) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is 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 the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(aa) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in Note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Significant influence with less than 20% equity interest

Although the Group holds less than 20% of the voting power of Celsius Medical, S.L. ("**Celsius**"), the directors considered that the Group has significant influence over Celsius because the Group is entitled to appoint one director out of the five directors of Celsius.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Critical judgements in applying accounting policies (Continued)

(b) Joint control assessment

*Guangzhou 100ecare Technology Co. Limited ("**100ecare**")*

The Group entered into a share subscription agreement with 100ecare and its existing shareholders, pursuant to which, the Group has agreed to subscribe for 10% of the registered capital of 100ecare at a consideration of RMB8.0 million.

The board of directors of 100ecare is composed of five directors, three of them are appointed by the founders, and the remaining two directors are appointed by the Group and another investor respectively. In accordance with the shareholders' agreement, directors' resolution in relation to the relevant activities of 100ecare could not be passed without the agreement of the director appointed by the Group. Therefore, the Group considers to have joint control together with the founders over 100ecare and the Group classified 100ecare as a joint venture.

Key sources of estimation uncertainty

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

(a) Impairment and depreciation of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

The carrying amount of property, plant and equipment as at 31 December 2024 was approximately HK$220,513,000 (2023: HK$101,200,000).

The carrying amount of right-of-use assets as at 31 December 2024 was approximately HK$49,773,000 (2023: HK$47,816,000).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(b) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, income tax of approximately HK$7,083,000 (2023: HK$8,707,000) was charged to profit or loss based on the estimated profit.

(c) Impairment of other intangible assets

Determining whether other intangible assets are impaired requires an estimation of the value in use of the CGU to which other intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

The carrying amount of other intangible assets as at 31 December 2024 was approximately HK$7,712,000 (2023: HK$4,826,000) (net of accumulated impairment losses of approximately HK$3,400,000 (2023: HK$3,400,000)).

(d) Impairment of trade receivables and contract assets

The Group uses practical expedient in estimating ECL on trade receivables and contract assets using a provision matrix. The provision rates are based on ageing of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in Note 6(b).

As at 31 December 2024, the carrying amount of trade receivables and contract assets was approximately HK$200,945,000 (2023: HK$187,214,000) (net of allowance for doubtful debts of approximately HK$3,754,000 (2023: HK$1,142,000)).

(e) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. During the year, allowance for slow-moving inventories of approximately HK$7,360,000 was made (2023: HK$4,678,000).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(f) Fair value measurement of investments in unlisted equity securities

In the absence of quoted market prices in an active market, the Group appointed independent professional valuer to assess the fair value of the unlisted equity securities. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates made by the Group.

As at 31 December 2024, the carrying amount of these equity investments was approximately HK$24,973,000 (2023: HK$26,802,000).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Company's functional currency is the HKD and the functional currencies of majority of the subsidiaries are the HKD, Renminbi ("**RMB**") and Japanese Yen ("**JPY**"). The Group's transactions, trade receivables and trade payables are mainly denominated in these currencies and United States dollars ("**USD**"). As the exchange rate of the USD and HKD is pegged, management considers the foreign exchange risk in this respect is not significant.

The Group periodically reviews monetary assets and liabilities held in currencies other than the USD and HKD in particular RMB to ensure that net exposure is kept at an acceptable level, and will consider hedging significant foreign currency exposure should the need arise. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in RMB exchange rate, with all other variables held constant, of the Group's profit after tax due to changes in the fair value of monetary assets and liabilities.

	Increase/ (decrease) in foreign currency rate %	**2024 Increase/ (decrease) in profit after tax HK$'000**	2023 Increase/ (decrease) in profit after tax HK$'000
If HKD strengthens against RMB	**10**	**7,562**	9,120
If HKD weakens against RMB	**(10)**	**(7,562)**	(9,120)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk in relation to its trade and other receivables, contract assets and cash and bank balances.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits and credit approvals. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significant reduced.

As at 31 December 2024, there was 1 (2023: 1) customer which individually contributed over 10% of the Group's trade receivables and contract assets. The aggregate amounts of trade receivables and contract assets from the customer amounted to 60% (2023: 56%) of the Group's total trade receivables and contract assets as at 31 December 2024.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the counterparty
- significant expected changes in the performance and behaviour of the counterparty, including changes in the payment status of counterparties in the group and changes in the operating results of the counterparty

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(i) Trade receivables and contract assets

The Group applies the simplified approach to providing for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The expected loss rate of current trade receivables and contract assets are assessed to be nearly 0%. As at 31 December 2024 and 2023, the loss allowance provision for these balances was not material.

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**1,142**	55
Impairment losses recognised for the year	**2,766**	1,087
Reversal	**(152)**	–
Exchange differences	**(2)**	–
At 31 December	**3,754**	1,142

(ii) Other receivables

The Group has assessed that the ECL for other receivables are not material under the 12-month expected losses method. No loss allowance provision was recognised during the year (2023: HK$Nil).

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

As disclosed in Note 36, all of the Group's banking facilities are subject to the fulfillments of covenants. Some of those covenants relate to the Group's financial covenants which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach these covenants, the related loans would become payable on demand. As at 31 December 2024, the Group did not identify any difficulties in complying with the covenants. The key covenant for bank loans of approximately HK$53,853,000 classified as non-current, subject to the Group complying with covenants after the reporting period, is that no dividend shall be distributed by borrowers before repayment of loan principal and interest due.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follow:

	On demand or within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
At 31 December 2024					
Trade payables	**41,601**	**–**	**–**	**–**	**41,601**
Other payables and accruals	**125,916**	**–**	**–**	**–**	**125,916**
Borrowings	**28,045**	**5,378**	**22,682**	**31,841**	**87,946**
Lease liabilities	**13,653**	**2,174**	**4,482**	**–**	**20,309**
At 31 December 2023					
Trade payables	59,858	–	–	–	59,858
Other payables and accruals	78,583	–	–	–	78,583
Borrowings	21,337	–	–	–	21,337
Lease liabilities	14,810	1,858	–	–	16,668

For bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the above maturity analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lender was to invoke its unconditional rights to call the loans with immediate effect.

Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

The maturity analysis of the bank loans with a repayment on demand clause based on agreed scheduled repayment set out in the loan agreements is as follows:

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
At 31 December 2024	**10,046**	**–**	**–**	**–**	**10,046**
At 31 December 2023	10,284	–	–	–	10,284

(d) Interest rate risk

The Group's exposure to interest-rate risk mainly arises from its bank deposits and bank loans. Certain bank deposits and bank loans bear interests at variable rates varied with the then prevailing market condition. Certain bank deposits and bank loans bear interests at fixed rates and therefore are subject to fair value interest rate risks.

The effect of changes in interest rates is not significant to the consolidated financial statements. Except as stated above, the Group has no other significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(e) Categories of financial instruments at 31 December 2024

	2024 HK$'000	2023 HK$'000
Financial assets:		
Financial assets measured at amortised cost	**391,790**	401,682
Financial assets measured at FVTOCI		
– equity instruments	**24,973**	26,802
Financial liabilities:		
Financial liabilities at amortised cost	**247,676**	159,487
Lease liabilities	**19,490**	16,339

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the input to valuation techniques used to measure fair value:

Level 1 inputs:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 inputs:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	unobservable inputs for the asset or a liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy at 31 December 2024:

Description	**Fair value measurement using:**			**Total**
	Level 1	**Level 2**	**Level 3**	**2024**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Recurring fair value measurement:				
Financial assets at FVTOCI				
– Unlisted equity securities	**–**	**–**	**24,973**	**24,973**

Description	Fair value measurement using:			Total
	Level 1	Level 2	Level 3	2023
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurement:				
Financial assets at FVTOCI				
– Unlisted equity securities	–	–	26,802	26,802

7. FAIR VALUE MEASUREMENT (CONTINUED)

Reconciliation of assets measured at fair value based on Level 3:

	2024 HK$'000	2023 HK$'000
At 1 January	**26,802**	24,475
Total gains or losses recognised in other comprehensive income	**(1,829)**	2,327
At 31 December	**24,973**	26,802

The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity investments at FVTOCI in the consolidated statement of profit or loss and other comprehensive income.

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2024:

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including Level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board of Directors at least twice a year.

For Level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2024 HK$'000	Fair value 2023 HK$'000
Unlisted equity securities classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	**19%** (2023: 21%)	Decrease	**24,973**	26,802
		Discount for lack of marketability	**25%** (2023: 25%)	Decrease		
		Long-term growth rate	**2%** (2023: 2%)	Increase		

During the two years, there were no changes in the valuation techniques used.

8. REVENUE

The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by product category, geographical market and timing of revenue recognition.

	OEM		OBM		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
By product category						
Imaging disposable products	**393,262**	285,570	**–**	–	**393,262**	285,570
Respiratory products	**83,919**	72,209	**161,619**	202,644	**245,538**	274,853
Orthopaedic and rehabilitation products	**42,361**	48,895	**7,867**	9,809	**50,228**	58,704
Other products	**111,935**	98,846	**–**	–	**111,935**	98,846
	631,477	505,520	**169,486**	212,453	**800,963**	717,973
By geographical market						
The United States (the "**US**")	**286,137**	251,987	**6,599**	7,732	**292,736**	259,719
Spain	**254,422**	167,660	**2,172**	1,078	**256,594**	168,738
The People's Republic of China (the "**PRC**")	**363**	292	**74,820**	116,697	**75,183**	116,989
Japan	**14,644**	13,782	**36,182**	33,480	**50,826**	47,262
The Netherlands	**19,170**	19,694	**2,407**	1,771	**21,577**	21,465
Sweden	**14,579**	8,811	**–**	–	**14,579**	8,811
Australia	**11,348**	8,681	**1,622**	1,088	**12,970**	9,769
Germany	**7,973**	3,562	**2,133**	1,581	**10,106**	5,143
Costa Rica	**10,072**	13,455	**–**	–	**10,072**	13,455
Others	**12,769**	17,596	**43,551**	49,026	**56,320**	66,622
	631,477	505,520	**169,486**	212,453	**800,963**	717,973
By timing of revenue recognition						
Products transferred at a point in time	**238,215**	219,950	**169,486**	212,453	**407,701**	432,403
Products transferred over time	**393,262**	285,570	**–**	–	**393,262**	285,570
	631,477	505,520	**169,486**	212,453	**800,963**	717,973

8. REVENUE (CONTINUED)

The following table provides information about receivables and contract assets from contracts with customers:

	2024 HK$'000	2023 HK$'000
Receivables, which are included in "trade receivables"	**169,332**	172,394
Contract assets	**31,613**	14,820

Contract assets primarily consist of unbilled amount resulting from sales of OEM products transferred over time. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The increase in contract assets for the year ended 31 December 2024 was result of the increase in performance obligations partially satisfied for sales of OEM products at the year end.

9. OTHER INCOME, OTHER GAINS AND LOSSES

	2024 HK$'000	2023 HK$'000
Other income		
Government subsidies	**1,281**	927
Interest income	**1,203**	697
Sundry income	**957**	527
	3,441	2,151
Other gains and losses		
Exchange gains, net	**2,868**	483
Gain on derecognition of a lease contract	**–**	4
Gain on disposal of property, plant and equipment	**–**	453
Impairment of investment in a joint venture	**(1,152)**	(1,660)
Impairment of trade receivables	**(2,766)**	(1,087)
Reversal of impairment of trade receivables	**152**	–
Write off of prepayments and deposits	**–**	(817)
Write off of property, plant and equipment	**(1,067)**	(75)
	(1,965)	(2,699)
Total	**1,476**	(548)

10. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors of the Group that make strategic and operating decisions.

Directors of the Group review the internal reporting of the Group in order to assess performance and allocate resources. From business model perspective, management assesses the performance of two operating segments, which are OEM and OBM.

- OEM represents "original equipment manufacturing", whereby products are manufactured in accordance with the customer's specification for sale under the customer's or third party's brand.

- OBM represents "original brand manufacturing", comprising research, development, manufacturing, marketing and sales of medical devices under "Inspired Medical", "inspired™" and "Hand of Hope" brands.

The accounting policies of the operating segments are the same as those described in Note 4 to the consolidated financial statements. Segment profits or losses do not include interest income, interest expenses, exchange gains/losses, equity-settled share-based payments, share of profits/losses of associates, share of profits/losses of joint ventures, impairment of investment in a joint venture, corporate income and corporate expenses.

Segment assets and liabilities of the Group are not reported to the directors of the Group regularly. As a result, reportable segment assets and liabilities have not been presented in the consolidated financial statements.

10. SEGMENT INFORMATION (CONTINUED)

Information about reportable segment profit or loss:

	OEM HK$'000	OBM HK$'000	Total HK$'000
Year ended 31 December 2024			
Revenue from external customers	**631,477**	**169,486**	**800,963**
Segment profit/(loss)	**102,631**	**(2,230)**	**100,401**
Depreciation and amortisation	**28,195**	**8,373**	**36,568**
Allowance for inventories	**–**	**7,360**	**7,360**
Cost of inventories sold	**437,531**	**93,026**	**530,557**
Impairment of trade receivables	**1,432**	**1,334**	**2,766**
Provision of warranties	**–**	**27**	**27**
Reversal of impairment of trade receivables	**–**	**152**	**152**
Staff costs	**144,186**	**54,576**	**198,762**
Write off of inventories	**–**	**3,054**	**3,054**
Write off of property, plant and equipment	**194**	**873**	**1,067**
Year ended 31 December 2023			
Revenue from external customers	505,520	212,453	717,973
Segment profit	84,871	5,677	90,548
Depreciation and amortisation	24,875	13,456	38,331
Allowance for inventories	–	4,678	4,678
Cost of inventories sold	352,109	120,012	472,121
Gain on disposal of property, plant and equipment	–	453	453
Impairment of trade receivables	–	1,087	1,087
Provision of warranties	–	176	176
Reversal of provision of warranties	–	1,886	1,886
Staff costs	110,933	66,722	177,655
Write off of inventories	–	787	787
Write off of prepayments and deposits	817	–	817
Write off of property, plant and equipment	32	43	75

10. SEGMENT INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue and profit or loss:

	2024 HK$'000	2023 HK$'000
Revenue		
Total revenue of reportable segments	**800,963**	717,973
Profit or loss		
Total profit or loss of reportable segments	**100,401**	90,548
Interest income	**1,203**	697
Interest expenses	**(1,362)**	(1,682)
Exchange gains, net	**2,868**	483
Equity-settled share-based payments	**(943)**	(1,877)
Share of (losses)/profits of associates	**(307)**	2,701
Share of (losses)/profits of joint ventures	**(21)**	116
Impairment of investment in a joint venture	**(1,152)**	(1,660)
Corporate income	**1,517**	1,060
Corporate expenses	**(24,225)**	(23,471)
Consolidated profit before tax	**77,979**	66,915

10. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets (excluding equity investments at FVTOCI and deferred tax assets) by location of assets are detailed below:

	Revenue	
	2024 HK$'000	2023 HK$'000
The US	**292,736**	259,719
Spain	**256,594**	168,738
The PRC	**75,183**	116,989
Japan	**50,826**	47,262
The Netherlands	**21,577**	21,465
Sweden	**14,579**	8,811
Australia	**12,970**	9,769
Germany	**10,106**	5,143
Costa Rica	**10,072**	13,455
Others	**56,320**	66,622
	800,963	717,973

	Non-current assets	
	2024 HK$'000	2023 HK$'000
Hong Kong	**8,198**	14,416
The PRC	**297,500**	170,783
Spain	**–**	43
Japan	**1,097**	620
	306,795	185,862

Revenue from a major customer:

	2024 HK$'000	2023 HK$'000
OEM segment		
Customer A	**404,976**	295,789

11. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest expenses on lease liabilities *(Note 19)*	**309**	506
Interest on borrowings	**1,187**	1,176
Total borrowing costs	**1,496**	1,682
Amount capitalised	**(134)**	–
	1,362	1,682

12. INCOME TAX EXPENSE

	2024 HK$'000	2023 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**8,199**	5,891
Over-provision in prior years	**(5,375)**	(25)
	2,824	5,866
Current tax – the PRC		
Provision for the year	**2,220**	2,880
Under/(over)-provision in prior years	**37**	(134)
	2,257	2,746
Current tax – Others		
Provision for the year	**1,534**	1,340
Under-provision in prior years	**90**	2
	1,624	1,342
Deferred tax *(Note 33)*	**378**	(1,247)
Income tax expense	**7,083**	8,707

Under the two-tiered profits tax regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rate regime will continue to be taxed at a rate of 16.5%.

12. INCOME TAX EXPENSE (CONTINUED)

Under the Corporate Income Tax Law of the PRC which became effective from 1 January 2008, the standard corporate income tax rate is 25% except for Vincent Medical (Dongguan) Mfg. Co. Ltd. (東莞永勝醫療製品有限公司) ("**VMDG**") and Vincent Medical (Dongguan) Technology Company Limited (東莞永昇醫療科技有限公司) ("**VMGD**") which are qualified as High and New Tech Enterprise and would be entitled to a reduced corporate income tax rate of 15%. The relevant tax rates of the Company's PRC subsidiaries range from 15% to 25%.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2024 HK$'000	2023 HK$'000
Profit before tax	**77,979**	66,915
Tax at Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	**12,867**	11,041
Tax effect of share of losses/(profits) of associates	**51**	(446)
Tax effect of share of losses/(profits) of joint ventures	**3**	(19)
Tax effect of income that is not taxable	**(43,304)**	(35,431)
Tax effect of expenses that are not deductible	**41,671**	35,999
Tax effect of temporary difference not recognised	**(336)**	(1,019)
Tax effect of tax losses not recognised	**5,308**	3,630
Tax effect of utilisation of tax losses not previously recognised	**–**	(467)
Effect of different tax rates of subsidiaries	**2**	8
Tax concession	**(4,827)**	(4,432)
Tax losses previously recognised and reversed	**896**	–
Over-provision in prior years	**(5,248)**	(157)
Income tax expense	**7,083**	8,707

13. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the followings:

	2024 HK$'000	2023 HK$'000
Allowance for inventories (included in cost of sales)	**7,360**	4,678
Amortisation of other intangible assets	**2,632**	2,870
Auditor's remuneration		
– Audit services	**2,301**	2,083
– Non-audit services	**293**	466
	2,594	2,549
Cost of inventories sold *(Note)*	**530,557**	472,121
Depreciation of property, plant and equipment	**19,570**	19,315
Depreciation expenses of right-of-use assets		
– Depreciation of right-of-use assets	**14,994**	16,467
– Amount capitalised	**(628)**	(321)
	14,366	16,146
Equity-settled share-based payments	**943**	1,877
Gain on disposal of property, plant and equipment (included in other gains and losses)	**–**	(453)
Impairment of investment in a joint venture (included in other gains and losses)	**1,152**	1,660
Impairment of trade receivables (included in other gains and losses)	**2,766**	1,087
Provision for warranties (included in cost of sales) *(Note 35)*	**27**	176
Reversal of provision for warranties (included in cost of sales) *(Note 35)*	**–**	(1,886)
Reversal of impairment of trade receivables (included in other gains and losses)	**(152)**	–
Write off of inventories (included in cost of sales)	**3,054**	787
Write off of prepayments and deposits (included in other gains and losses)	**–**	817
Write off of property, plant and equipment (included in other gains and losses)	**1,067**	75

Note:

Cost of inventories sold include staff costs of approximately HK$120,200,000 (2023: HK$103,791,000), depreciation of property, plant and equipment of approximately HK$12,812,000 (2023: HK$12,162,000) and depreciation expenses of right-of-use assets of approximately HK$8,760,000 (2023: HK$8,694,000), which are included in the amounts disclosed separately.

14. EMPLOYEE BENEFITS EXPENSE

	2024 HK$'000	2023 HK$'000
Salaries, bonuses and allowances	**188,298**	166,384
Retirement benefits scheme contributions	**12,613**	14,454
Other benefits	**12,545**	11,588
Equity-settled share-based payments *(Note)*	**943**	1,877
	214,399	194,303

Note:

Equity-settled share-based payments represent amortisation to the profit or loss of the fair value of the share options measured at the respective grant date, regardless the share options could be exercised or not.

(a) Pensions – defined contribution plans

The Group contributes to defined contribution retirement plans which are available for eligible employees in the PRC and Hong Kong.

Pursuant to the relevant laws and regulations in the PRC, the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the "**PRC Retirement Schemes**"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

The Group operates a Mandatory Provident Fund scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees' relevant income.

During the years ended 31 December 2024 and 2023, the Group had no forfeited contributions under the PRC Retirement Schemes and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2024 and 2023 under the PRC Retirement Schemes which may be used by the Group to reduce the contribution payable in future years.

The amount of forfeited contributions utilised under the MPF Scheme for the year ended 31 December 2024 was HK$36,000 (2023: HK$93,000).

14. EMPLOYEE BENEFITS EXPENSE (CONTINUED)

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included four (2023: four) directors whose emoluments are reflected in the analysis presented in Note 15(a) to the consolidated financial statements.

The emoluments of the remaining one (2023: one) individual during the year was as follows:

	2024 HK$'000	2023 HK$'000
Salaries and allowances	**1,659**	2,022
Bonuses	**15**	15
Retirement benefits scheme contributions	**18**	14
Equity-settled share-based payments *(Note)*	**26**	49
	1,718	2,100

Note:

Equity-settled share-based payments represent amortisation to the profit or loss of the fair value of the share options measured at the respective grant date, regardless the share options could be exercised or not.

The emoluments fell within the following band:

	Number of individuals	
	2024	2023
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**–**	1

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director is set as below.

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees	Salaries	Discretionary bonus	*(Note (i))* Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Housing allowance		Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name of director									
Mr. Choi	**-**	**1,306**	**60**	**-**	**121**	**-**	**-**	**-**	**1,487**
Mr. Choi Cheung Tai Raymond *(Chief executive) (Note (ii))*	**-**	**1,329**	**62**	**89**	**62**	**-**	**-**	**-**	**1,542**
Mr. Koh Ming Fai	**-**	**1,349**	**62**	**26**	**62**	**-**	**-**	**-**	**1,499**
Mr. Fu Kwok Fu	**-**	**1,336**	**62**	**26**	**62**	**-**	**-**	**-**	**1,486**
Mr. Mok Kwok Cheung Rupert	**285**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**285**
Mr. Au Yu Chiu Steven	**249**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**249**
Prof. Yung Kai Leung	**273**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**273**
Dr. Leung Ming Chu *(Note (iv))*	**237**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**237**
Total for 2024	**1,044**	**5,320**	**246**	**141**	**307**	**-**	**-**	**-**	**7,058**
Name of director									
Mr. Choi	-	1,306	60	-	121	-	-	-	1,487
Mr. Choi Cheung Tai Raymond *(Chief executive) (Note (ii))*	-	1,224	57	177	57	-	-	-	1,515
Mr. Koh Ming Fai	-	1,297	60	50	60	-	-	-	1,467
Mr. Fu Kwok Fu	-	1,255	58	50	58	-	-	-	1,421
Mr. Mok Kwok Cheung Rupert	276	-	-	-	-	-	-	-	276
Mr. Au Yu Chiu Steven	240	-	-	-	-	-	-	-	240
Mr. Guo Pengcheng *(Note (iii))*	87	-	-	-	-	-	-	-	87
Prof. Yung Kai Leung	264	-	-	-	-	-	-	-	264
Dr. Leung Ming Chu *(Note (iv))*	99	-	-	-	-	-	-	-	99
Total for 2023	966	5,082	235	277	296	-	-	-	6,856

Notes:

(i) Estimated money values of other benefits include rent paid, share options, insurance premium, etc.

(ii) Appointed on 1 January 2023.

(iii) Retired on 18 May 2023.

(iv) Appointed on 25 July 2023.

15. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

Neither the chief executive nor any of the directors waived any emoluments during the year (2023: Nil).

During the year, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

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

During the year ended 31 December 2024, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of directors (2023: Nil).

(c) Directors' material interests in transactions, arrangement or contracts

During the year, the Group entered into the following transactions:

Name of parties contracted with	Nature of transactions	Amount HK$'000	Interested directors
Vincent Raya Co., Limited	Purchases of goods	44	Mr. Choi has beneficial interests in the contracting party
Vincent Raya (Dongguan) Electronics Co. Ltd. 永勝(東莞)電子有限公司	Purchases of goods	2,851	Mr. Choi has beneficial interests in the contracting party
	Catering service fee	650	
	Rental expenses	10,278	
	Metal supplies and processing service fee	7,200	
Vincent Raya Development Limited	Rental expenses	504	Mr. Choi has beneficial interests in the contracting party
Besteam Consultants Limited	Service fee	360	Dr. Leung Ming Chu has beneficial interests in the contracting party

Save for contracts amongst group companies and the aforementioned transactions, no other significant transactions, arrangements and contracts to which the Company was a party and in which a director of the Company and other director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16. DIVIDEND

	2024 HK$'000	2023 HK$'000
2023 final dividend of HK1.5 cents per ordinary share	**9,650**	–
2024 interim dividend of HK1.6 cents (2023: 2023 interim dividend of HK1.25 cents) per ordinary share	**10,293**	8,042
	19,943	8,042

The 2023 final dividend of HK1.5 cents per share amounting to approximately HK$9,800,000 has been approved and paid on 21 June 2024. This included the dividends of HK$150,000 paid to shares held in trust under the share award scheme of the Company adopted on 2 December 2021.

The 2024 interim dividend of HK1.6 cents per share amounting to approximately HK$10,453,000 has been approved and paid on 27 September 2024. This included the dividends of HK$160,000 paid to shares held in trust under the share award scheme of the Company adopted on 2 December 2021.

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2024 of HK1.7 cents per share has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting to be held on 21 May 2025.

17. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data.

	2024 HK$'000	2023 HK$'000
Earnings		
Profit attributable to owners of the Company	**69,167**	57,275

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**643,336**	645,661
Effect of dilutive potential ordinary shares arising from share options issued by the Company *(Note)*	**n/a**	n/a
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**n/a**	n/a

Note:

During the years ended 31 December 2024 and 2023, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares.

18. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$'000	Plant and machinery HK$'000	Leasehold improvements HK$'000	Moulds HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost							
At 1 January 2023	20,986	106,226	60,047	52,880	3,553	1,236	244,928
Additions	2,010	2,659	2,233	2,481	715	11,251	21,349
Write off/disposal	(152)	(299)	(238)	(1,176)	(5)	–	(1,870)
Transfer	–	–	1,734	934	–	(2,668)	–
Exchange differences	(254)	(1,510)	(813)	(738)	(42)	(32)	(3,389)
At 31 December 2023 and 1 January 2024	**22,590**	**107,076**	**62,963**	**54,381**	**4,221**	**9,787**	**261,018**
Additions	**5,608**	**4,060**	**1,020**	**2,258**	**214**	**129,243**	**142,403**
Write off	**(1,380)**	**(1,849)**	**(7,584)**	**(372)**	**(50)**	**(64)**	**(11,299)**
Transfer	**–**	**–**	**4,112**	**57**	**–**	**(4,169)**	**–**
Exchange differences	**(421)**	**(2,281)**	**(1,269)**	**(1,135)**	**(69)**	**(548)**	**(5,723)**
At 31 December 2024	**26,397**	**107,006**	**59,242**	**55,189**	**4,316**	**134,249**	**386,399**
Accumulated depreciation and impairment							
At 1 January 2023	16,847	55,564	42,049	27,032	2,611	–	144,103
Charge for the year	1,783	6,385	6,042	4,802	303	–	19,315
Write off/disposal	(117)	(271)	(238)	(980)	(5)	–	(1,611)
Exchange differences	(206)	(794)	(588)	(371)	(30)	–	(1,989)
At 31 December 2023 and 1 January 2024	**18,307**	**60,884**	**47,265**	**30,483**	**2,879**	**–**	**159,818**
Charge for the year	**3,187**	**4,860**	**5,871**	**5,171**	**481**	**–**	**19,570**
Write off	**(1,309)**	**(1,434)**	**(7,090)**	**(352)**	**(47)**	**–**	**(10,232)**
Exchange differences	**(333)**	**(1,298)**	**(958)**	**(632)**	**(49)**	**–**	**(3,270)**
At 31 December 2024	**19,852**	**63,012**	**45,088**	**34,670**	**3,264**	**–**	**165,886**
Carrying amount							
At 31 December 2024	**6,545**	**43,994**	**14,154**	**20,519**	**1,052**	**134,249**	**220,513**
At 31 December 2023	4,283	46,192	15,698	23,898	1,342	9,787	101,200

At 31 December 2024, the carrying amount of property, plant and equipment pledged as security for the Group's borrowings amounted to approximately HK$132,745,000 (2023: HK$Nil).

19. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000	Leased properties HK$'000	Total HK$'000
At 1 January 2023	–	21,283	21,283
Additions	32,059	580	32,639
Modification	–	10,752	10,752
Depreciation	(321)	(16,146)	(16,467)
Derecognition	–	(79)	(79)
Exchange differences	(51)	(261)	(312)
At 31 December 2023 and 1 January 2024	**31,687**	**16,129**	**47,816**
Additions	**–**	**510**	**510**
Modification	**–**	**17,447**	**17,447**
Depreciation	**(628)**	**(14,366)**	**(14,994)**
Exchange differences	**(677)**	**(329)**	**(1,006)**
At 31 December 2024	**30,382**	**19,391**	**49,773**

Lease liabilities of approximately HK$19,490,000 (2023: HK$16,339,000) are recognised with related right-of-use assets of approximately HK$19,391,000 (2023: HK$16,129,000) as at 31 December 2024.

	2024 HK$'000	2023 HK$'000
Depreciation of right-of-use assets	**14,994**	16,467
Interest expense on lease liabilities (included in finance costs)	**309**	506
Expenses relating to short-term lease (included in cost of inventories sold, selling and distribution expenses, administrative expenses and research and development expenses)	**403**	591
Expenses relating to leases of low value assets (included in selling and distribution expenses, administrative expenses and research and development expenses)	**247**	199

Details of total cash outflow for leases are set out in Note 37(c).

For both years, the Group leases various offices, warehouses and factory premises for its operations. Lease contracts are entered into for fixed term of 1 year to 5 years (2023: 1 year to 4 years), but may have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

At 31 December 2024, the carrying amount of right-of-use assets pledged as security for the Group's borrowings amounted to approximately HK$30,382,000 (2023: HK$Nil).

20. OTHER INTANGIBLE ASSETS

	Use right HK$'000	Patents and trademarks HK$'000	License right HK$'000	Product development costs HK$'000	Computer software HK$'000	Total HK$'000
Cost						
At 1 January 2023	14,953	707	10,418	1,144	–	27,222
Exchange differences	–	(39)	–	–	–	(39)
At 31 December 2023 and 1 January 2024	**14,953**	**668**	**10,418**	**1,144**	**–**	**27,183**
Additions	**–**	**–**	**–**	**–**	**5,543**	**5,543**
Exchange differences	**–**	**(66)**	**–**	**–**	**(14)**	**(80)**
At 31 December 2024	**14,953**	**602**	**10,418**	**1,144**	**5,529**	**32,646**
Accumulated amortisation and impairment						
At 1 January 2023	14,302	400	3,664	1,144	–	19,510
Amortisation for the year	651	136	2,083	–	–	2,870
Exchange differences	–	(23)	–	–	–	(23)
At 31 December 2023 and 1 January 2024	**14,953**	**513**	**5,747**	**1,144**	**–**	**22,357**
Amortisation for the year	**–**	**124**	**2,084**	**–**	**424**	**2,632**
Exchange differences	**–**	**(55)**	**–**	**–**	**–**	**(55)**
At 31 December 2024	**14,953**	**582**	**7,831**	**1,144**	**424**	**24,934**
Carrying amount						
At 31 December 2024	**–**	**20**	**2,587**	**–**	**5,105**	**7,712**
At 31 December 2023	–	155	4,671	–	–	4,826

20. OTHER INTANGIBLE ASSETS (CONTINUED)

Use right

The use right represents the right to use the technology for the purpose of manufacturing, marketing and distribution of products for "Hand of Hope" robotic hand training devices. The remaining amortisation period of the use right is Nil (2023: Nil).

Patents and trademarks

The trademarks at 31 December 2024 and 2023 are used for trading of medical devices in Japan. The average remaining amortisation period of the trademarks is 0.17 year (2023: 1.17 years).

License right

On 8 September 2017 and 26 February 2019, the Group entered into license agreements with an associate respectively, pursuant to which, the Group has been granted a right of 10 years (exclusive rights for the first 5 years) to produce and sell the licensed goods in the licensed territories as specified in the license agreements after obtaining the relevant products registration. Amortisation of license right commences after completion of registration.

On 1 March 2022, the Group entered into an amendment with the associate, pursuant to which, both parties agreed to modify certain terms and conditions of the license agreement entered on 26 February 2019. The average remaining amortisation period of the license right is 2.88 years (2023: 3.15 years).

Company software

The computer software represents software licensed or acquired for daily operations. The average remaining amortisation period of the computer software is 4.43 years (2023: Nil).

21. INVESTMENTS IN ASSOCIATES

	2024 **HK$'000**	2023 HK$'000
Unlisted investments:		
Share of net assets	**2,396**	2,701
Goodwill	**7,455**	7,455
	9,851	10,156
Impairment losses	**(7,455)**	(7,455)
	2,396	2,701

21. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of the Group's associates as at 31 December 2024 are as follows:

Name	Place of incorporation and operation	Particulars of issued and paid up capital	Percentage of ownership interest/ voting power/profit sharing	Principal activities
Retraction Limited	Hong Kong	100 ordinary shares and 80 preference shares	**40%** (2023: 40%)	Design, development and commercialisation of retractors for minimally invasive surgery
Celsius	Spain	10,026 ordinary shares and 2,310 preference shares	**18.73%** (2023: 18.34%)	Design, development and commercialisation of air and fluid warning systems

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	2024 HK$'000	2023 HK$'000
At 31 December:		
Carrying amounts of interests	**2,396**	2,701
Year ended 31 December:		
(Loss)/profit for the year	**(2,750)**	10,005
Other comprehensive income	**–**	–
Total comprehensive income	**(2,750)**	10,005

The Group has not recognised loss for the year amounting to approximately HK$348,000 (2023: HK$Nil) for Celsius. The accumulated losses not recognised were approximately HK$348,000 (2023: HK$Nil).

22. INVESTMENTS IN JOINT VENTURES

	2024 HK$'000	2023 HK$'000
Unlisted investments:		
Share of net assets	**1,955**	5,038
Goodwill	**11,105**	11,249
	13,060	16,287
Impairment losses	**(11,105)**	(12,970)
	1,955	3,317

Details of the Group's joint ventures as at 31 December 2024 are as follows:

Name	Place of incorporation and operation	Particulars of issued and paid up capital	Percentage of ownership interest/ voting power/profit sharing	Principal activities
100ecare	The PRC	Registered capital of RMB10,649,331	**9.41%** (2023: 9.41%)	Design, development, sales and operation of wearable devices
Avalon Photonics Holdings Limited ("**Avalon**")	The BVI	50,000 ordinary shares of US$1 each	**19.53%** (2023: 19.53%)	Investment holding
Avalon Photonics (HK) Limited ("**Avalon HK**") *(Note)*	Hong Kong	10,000 ordinary shares	**19.53%** (2023: 19.53%)	Design, development and distribution of kanga-care products and has become dormant
Avalon Medical Devices (Chongqing) Co., Limited ("**Avalon PRC**") *(Note)*	The PRC	Registered capital of RMB10,000,000	**19.53%** (2023: 19.53%)	Manufacturing of kanga-care products and has become dormant
Vincent RenalCan Medical Technology Company Limited ("**VRM**")	Hong Kong	10,000 ordinary shares	**50%** (2023: 50%)	Development and commercialisation of medical devices

Note:

Avalon HK and Avalon PRC are the wholly-owned subsidiaries of Avalon.

22. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial joint ventures that are accounted for using the equity method.

	2024 HK$'000	2023 HK$'000
At 31 December:		
Carrying amounts of interests	**1,955**	3,317
Year ended 31 December:		
Loss for the year	**(748)**	(2,566)
Other comprehensive income	**46**	(712)
Total comprehensive income	**(702)**	(3,278)

As at 31 December 2024, the bank and cash balances of the Group's joint ventures in the PRC denominated in RMB amounted to approximately HK$14,105,000 (2023: HK$7,667,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

The Group has not recognised loss for the year amounting to approximately HK$146,000 (2023: HK$965,000) for Avalon and its subsidiaries and VRM. The accumulated losses not recognised were approximately HK$1,921,000 (2023: HK$1,775,000).

23. EQUITY INVESTMENTS AT FVTOCI

	2024 HK$'000	2023 HK$'000
Unlisted equity securities	**24,973**	26,802
Analysed as:		
Non-current assets	**24,973**	26,802

The unlisted equity securities were measured at fair value using the method of valuation by an independent external valuation expert.

Equity investments at FVTOCI are denominated in USD.

Equity securities which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

24. INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**94,894**	109,258
Work in progress	**40,461**	35,468
Finished goods	**27,366**	29,122
	162,721	173,848

25. TRADE RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**173,086**	173,536
Allowance for doubtful debts	**(3,754)**	(1,142)
	169,332	172,394

The general credit terms of the Group granted to its customers range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2024 HK$'000	2023 HK$'000
0 to 30 days	**61,139**	64,091
31 to 60 days	**49,452**	54,048
61 to 90 days	**38,953**	31,315
Over 90 days	**19,788**	22,940
	169,332	172,394

25. TRADE RECEIVABLES (CONTINUED)

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

	2024 HK$'000	2023 HK$'000
HKD	**218**	421
RMB	**19,077**	22,827
USD	**144,831**	147,171
JPY	**4,829**	1,975
Others	**377**	–
	169,332	172,394

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Deposits for purchases of goods	**21,330**	25,063
Deposits for purchases of property, plant and equipment	**23,816**	24,909
Prepaid expenses	**2,948**	4,244
Rental and other deposits	**1,776**	2,455
Value-added tax and other receivables	**25,127**	5,135
	74,997	61,806
Less: Non-current deposits	**(24,446)**	(26,002)
	50,551	35,804

27. BANK AND CASH BALANCES

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HKD	**19,417**	18,808
RMB	**38,357**	71,535
USD	**98,452**	71,869
JPY	**10,598**	11,790
Others	**6,616**	1,782
	173,440	175,784

27. BANK AND CASH BALANCES (CONTINUED)

As at 31 December 2024, the bank and cash balances of the Group denominated in RMB and kept in the PRC amounted to approximately HK$31,523,000 (2023: HK$58,658,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

28. SHARE CAPITAL

	Number of shares of HK$0.01 each '000	Share capital HK$'000
Ordinary shares		
Authorised		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**10,000,000**	**100,000**
Issued and fully paid		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**653,336**	**6,533**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group regards total equity other than non-controlling interests as capital, for management purpose. The amount of capital as at 31 December 2024 amounted to approximately HK$578,553,000 (2023: HK$541,843,000), in which the Group considers as optimal have considered the projected capital expenditures and the projected investment opportunities.

The only externally imposed capital requirement for the Group is in order to maintain its listing on the Stock Exchange (the "**Listing**"), it has to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required by the Listing Rules. As at 31 December 2024, over 25% (2023: over 25%) of the shares were in public hands.

29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**60,133**	63,133
Current assets			
Due from subsidiaries		**353,453**	303,369
Prepayments, deposits and other receivables		**521**	322
Bank and cash balances		**568**	4,577
Total current assets		**354,542**	308,268
TOTAL ASSETS		**414,675**	371,401
EQUITY AND LIABILITIES			
Share capital	28	**6,533**	6,533
Reserves	29(b)	**190,197**	168,144
Total equity		**196,730**	174,677
Current liabilities			
Due to subsidiaries		**217,240**	196,008
Other payables and accruals		**705**	716
Total current liabilities		**217,945**	196,724
TOTAL EQUITY AND LIABILITIES		**414,675**	371,401

Approved by the Board of Directors on 19 March 2025 and are signed on its behalf by:

Mr. CHOI Man Shing **Mr. CHOI Cheung Tai, Raymond**

29. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserves movement of the Company

	Share premium account HK$'000	Share-based payments reserve HK$'000	Shares held for share award scheme HK$'000	Merger reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2023	161,709	7,486	(1,085)	–*	16,452	184,562
Loss for the year	–	–	–	–	(6,980)	(6,980)
Purchase of shares for share award scheme	–	–	(3,273)	–	–	(3,273)
Share-based payments	–	1,877	–	–	–	1,877
Dividend paid	–	–	–	–	(8,042)	(8,042)
At 31 December 2023 and 1 January 2024	**161,709**	**9,363**	**(4,358)**	**–***	**1,430**	**168,144**
Profit for the year	**–**	**–**	**–**	**–**	**41,053**	**41,053**
Share-based payments	**–**	**943**	**–**	**–**	**–**	**943**
Dividend paid *(Note 16)*	**–**	**–**	**–**	**–**	**(19,943)**	**(19,943)**
At 31 December 2024	**161,709**	**10,306**	**(4,358)**	**–***	**22,540**	**190,197**

* Represent the amount less than HK$1,000

30. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall in the ordinary course of business.

(ii) Share-based payments reserve

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors, employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in Note 4(t)(i) to the consolidated financial statements.

(iii) Merger reserve

The merger reserve of the Company represents the difference between the costs of investments in subsidiaries pursuant to the reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

The merger reserve of the Group represents the difference between the nominal value of shares of Vincent Healthcare Products Limited ("**VHPL**") and Vincent Medical Manufacturing Co., Limited ("**VMHK**") acquired pursuant to the reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 4(d)(iii) to the consolidated financial statements.

(v) FVTOCI reserve

FVTOCI reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in Note 4(k) to the consolidated financial statements.

31. SHARE OPTION AND SHARE AWARD SCHEMES

(a) Share option schemes

Pre-IPO share option scheme adopted on 17 June 2016

A pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") was approved and adopted on 17 June 2016. The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain executives, directors, employees and/or consultants of the Group to the growth of the Group by granting options to them as rewards and further incentives. The Pre-IPO Share Option Scheme will expire on 16 June 2026.

Each option granted under the Pre-IPO Share Option Scheme is subject to the following vesting schedule:

Tranche	Vesting Date	Percentage of an option vested
First	First anniversary of the date of Listing (the "**Listing Date**")	25%
Second	Second anniversary of the Listing Date	25%
Third	Third anniversary of the Listing Date	25%
Fourth	Fourth anniversary of the Listing Date	25%

Each vested tranche of an option is exercisable during a period from and including the vesting date of the relevant tranche to and including the business day immediately preceding the tenth anniversary of the date of grant of the option.

The subscription price per share shall be HK$0.80. On 17 June 2016, 19,684,000 options were granted. No further options will be offered or granted under the Pre-IPO Share Option Scheme.

Details of each tranche of options are as follows:

Tranche	Date of grant	Vesting period	Exercise period	Exercise price HK$
First	17 June 2016	17 June 2016 to 13 July 2017	13 July 2017 to 16 June 2026	0.80
Second	17 June 2016	17 June 2016 to 13 July 2018	13 July 2018 to 16 June 2026	0.80
Third	17 June 2016	17 June 2016 to 13 July 2019	13 July 2019 to 16 June 2026	0.80
Fourth	17 June 2016	17 June 2016 to 13 July 2020	13 July 2020 to 16 June 2026	0.80

If the options remain unexercised after a period of ten years from the date of grant, the options will be expired. Options are lapsed if the directors, employees and/or consultants leave the Group.

31. SHARE OPTION AND SHARE AWARD SCHEMES (CONTINUED)

(a) Share option schemes (Continued)

Pre-IPO share option scheme adopted on 17 June 2016 (Continued)

Details of the movement of share options during the year are as follows:

	2024		2023	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**1,986,668**	**0.80**	2,646,668	0.80
Lapsed during the year	**–**	**n/a**	(660,000)	0.80
Outstanding at the end of the year	**1,986,668**	**0.80**	1,986,668	0.80
Exercisable at the end of the year	**1,986,668**	**0.80**	1,986,668	0.80

The options outstanding at the end of the year have a weighted average remaining useful life of 1.46 years (2023: 2.46 years) and the exercise price is HK$0.80 (2023: HK$0.80).

Share option scheme adopted on 24 June 2016 and terminated on 22 May 2024

A share option scheme (the "**Terminated Share Option Scheme**") was approved and adopted on 24 June 2016. Pursuant to the Terminated Share Option Scheme, the Board may, as its discretion, grant share options to any executive, director, employee, advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services or partner of the Group. The Terminated Share Option Scheme was terminated on 22 May 2024 (the "**Termination Date**") pursuant to the passing of a resolution by the shareholders of the Company on the annual general meeting of the Company held on 22 May 2024.

Share options granted prior to the Termination Date shall continue to be valid and exercisable in accordance with the rules of the Terminated Share Option Scheme. Save for the options which have been granted previously, no further options can be granted under the Terminated Share Option Scheme.

The subscription price per share shall be determined by the Board and notified to the grantee at the time of offer of the option.

On 28 May 2018, the Group granted 14,300,000 share options with exercise price of HK$0.80 per share to certain directors and employees. 25% of the options will vest on each of 28 May 2019, 2020, 2021 and 2022 respectively and will be exercisable from each of 28 May 2019, 2020, 2021 and 2022 respectively to 23 June 2026.

31. SHARE OPTION AND SHARE AWARD SCHEMES (CONTINUED)

(a) Share option schemes (Continued)

Share option scheme adopted on 24 June 2016 and terminated on 22 May 2024 (Continued)

On 25 March 2019, the Group further granted 4,600,000 share options with exercise price of HK$0.80 per share to certain employees and consultant. 25% of the options will vest on each of 25 March 2020, 2021, 2022 and 2023 respectively and will be exercisable from each of 25 March 2020, 2021, 2022 and 2023 respectively to 23 June 2026.

On 25 August 2021, the Group further granted 11,788,000 share options with exercise price of HK$1.14 per share to certain employees. 25% of the options will vest on each of 25 August 2022, 2023, 2024 and 2025 respectively and will be exercisable from each of 25 August 2022, 2023, 2024 and 2025 respectively to 23 June 2026.

On 13 June 2022, the Group further granted 13,392,332 share options with exercise price of HK$0.80 per share to certain directors and employees. 25% of the options will vest on each of 13 June 2023, 2024, 2025 and 2026 respectively and will be exercisable from each of 13 June 2023, 2024, 2025 and 2026 respectively to 23 June 2026.

If the options remain unexercised after 23 June 2026, the options will be expired. Options are lapsed if the directors and/or employees leave the Group.

Details of the movement of share options during the year are as follows:

	2024		2023	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**28,686,332**	**0.89**	32,590,332	0.91
Lapsed during the year	**(1,100,000)**	**0.89**	(3,904,000)	0.99
Outstanding at the end of the year	**27,586,332**	**0.89**	28,686,332	0.89
Exercisable at the end of the year	**19,591,166**	**0.90**	14,982,083	0.89

The options outstanding at the end of the year have a weighted average remaining useful life of 1.48 years (2023: 2.48 years) and the exercise prices range from HK$0.80 to HK$1.14 (2023: HK$0.80 to HK$1.14).

31. SHARE OPTION AND SHARE AWARD SCHEMES (CONTINUED)

(a) Share option schemes (Continued)

Share option scheme adopted on 22 May 2024

A share option scheme (the "**New Share Option Scheme**") was approved and adopted on 22 May 2024 (the "**Adoption Date**"). The adoption of the New Share Option Scheme was to replace the Terminated Share Option Scheme. Pursuant to the New Share Option Scheme, the Board may, as its discretion, grant share options to the eligible participants (including employee participants, related entity participants and service providers as defined in the New Share Option Scheme). The New Share Option Scheme will expire on 21 May 2034.

The subscription price in respect of any particular share option granted will be such price as determined by the Board in its discretion at the time of the grant of the relevant share option.

During the period from the Adoption Date to 31 December 2024, no share options were granted pursuant to the New Share Option Scheme.

(b) Share award scheme adopted on 2 December 2021 and amended on 22 May 2024

A share award scheme (the "**Share Award Scheme**") was approved and adopted on 2 December 2021 and as amended and restated on 22 May 2024 (the "**Amended Share Award Scheme**"). The purposes of the Amended Share Award Scheme are (i) to recognise and reward the contribution of certain eligible participants (including director, employee, advisor, consultant and any other parties who have contributed or may contribute to the growth and development of the Group) to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Amended Share Award Scheme will expire on 1 December 2031.

The Group may, from time to time at its absolute discretion, select any eligible participants for participation in the Share Award Scheme and determine the terms and conditions of the awards and the number of shares to be awarded.

During the year, no award was granted under the Share Award Scheme and/or Amended Share Award Scheme.

Details of the movement of the shares held for share award scheme during the year are as follows:

	Number of shares	HK$'000
Balance at 1 January 2023	2,676,000	1,085
Acquisition of shares by a trust	7,324,000	3,273
Balance at 31 December 2023, 1 January 2024 and 31 December 2024	**10,000,000**	**4,358**

32. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Within one year	**13,653**	14,810	**13,264**	14,500
More than one year, but not exceeding two years	**2,174**	1,858	**1,988**	1,839
More than two years, but not more than five years	**4,482**	–	**4,238**	–
	20,309	16,668	**19,490**	16,339
Less: Future finance charges	**(819)**	(329)	**n/a**	n/a
Present value of lease obligations	**19,490**	16,339	**19,490**	16,339
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(13,264)**	(14,500)
Amount due for settlement after 12 months			**6,226**	1,839

The weighted average incremental borrowing rate applied to lease liabilities is 2.76% (2023: 3.34%).

The carrying amounts of the Group's lease liabilities are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HKD	**1,970**	3,556
RMB	**16,721**	12,428
JPY	**799**	355
	19,490	16,339

33. DEFERRED TAX

The followings are the deferred tax liabilities and assets recognised by the Group.

Deferred tax liabilities

	Fair value on intangible assets HK$'000	Accelerated tax depreciation HK$'000	Right-of-use assets HK$'000	Total HK$'000
At 1 January 2023 (Restated)	567	5,848	2,753	9,168
Credit to profit or loss for the year	(567)	(714)	(592)	(1,873)
Exchange differences	–	(82)	(49)	(131)
At 31 December 2023 and 1 January 2024	**–**	**5,052**	**2,112**	**7,164**
(Credit)/charge to profit or loss for the year *(Note 12)*	**–**	**(639)**	**833**	**194**
Exchange differences	**–**	**(106)**	**(60)**	**(166)**
At 31 December 2024	**–**	**4,307**	**2,885**	**7,192**

Deferred tax assets

	Tax losses HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2023 (Restated)	1,342	2,753	4,095
Charge to profit or loss for the year	(34)	(592)	(626)
Exchange differences	(13)	(49)	(62)
At 31 December 2023 and 1 January 2024	**1,295**	**2,112**	**3,407**
(Charge)/credit to profit or loss for the year *(Note 12)*	**(1,017)**	**833**	**(184)**
Exchange differences	**(18)**	**(60)**	**(78)**
At 31 December 2024	**260**	**2,885**	**3,145**

33. DEFERRED TAX (CONTINUED)

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2024 HK$'000	2023 HK$'000
Deferred tax assets	**260**	1,295
Deferred tax liabilities	**(4,307)**	(5,052)
	(4,047)	(3,757)

As at 31 December 2024, the Group has unused tax losses of approximately HK$123,482,000 (2023: HK$102,486,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$1,578,000 (2023: HK$8,399,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$121,904,000 (2023: HK$94,087,000) due to the unpredictability of future profit streams. The unused tax losses of the Group have not yet been agreed by respective tax authorities. The expiry date of unrecognised tax losses are summarised as follows:

	2024 HK$'000	2023 HK$'000
On 31 December 2024	**–**	6,613
On 31 December 2025	**1,494**	1,527
On 31 December 2026	**4,948**	5,057
On 31 December 2027	**11,239**	11,484
On 31 December 2028	**13,648**	12,172
On 31 December 2029	**29,153**	–
Carried forward indefinitely	**61,422**	57,234
	121,904	94,087

As at 31 December 2024, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately HK$21,396,000 (2023: HK$19,832,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

34. TRADE PAYABLES

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2024 HK$'000	2023 HK$'000
0 to 30 days	**25,259**	37,275
31 to 60 days	**5,988**	12,676
Over 60 days	**10,354**	9,907
	41,601	59,858

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HKD	**6,995**	5,604
RMB	**28,388**	39,818
USD	**5,599**	14,433
Others	**619**	3
	41,601	59,858

35. OTHER PAYABLES AND ACCRUALS

	2024 HK$'000	2023 HK$'000
Accrued staff costs	**47,735**	48,195
Other accrued expenses	**7,362**	6,459
Other payables	**70,420**	23,524
Provision for warranties *(Note (i))*	**399**	405
Contract liabilities *(Note (ii))*	**44,651**	37,142
	170,567	115,725

35. OTHER PAYABLES AND ACCRUALS (CONTINUED)

Notes:

(i) The movements in provision for warranties during the year are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**405**	2,141
Provision for the year	**27**	176
Provision utilised	**(27)**	(6)
Unused provisions reversed	**–**	(1,886)
Exchange differences	**(6)**	(20)
At 31 December	**399**	405

Provision for warranties represents the Group's best estimate to repair or replace electronic devices still under warranty period, based on historical experience of the level of repairs and replacements.

(ii) Contract liabilities relating to contracts with customers are advance payments made by customers. These arise as a result of advance payments made by customers.

The increase in contract liabilities for the year ended 31 December 2024 was mainly due to increase in advances received from customers in relation to the sales of OEM products during the reporting period.

The movements in contract liabilities during the year are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**37,142**	37,041
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the year	**(37,142)**	(37,041)
Increase in contract liabilities as a result of advance payments made by customers	**44,651**	37,142
At 31 December	**44,651**	37,142

36. BORROWINGS

	2024 HK$'000	2023 HK$'000
Bank loans, secured	**80,159**	21,046

The analysis of the repayment schedule of borrowings is as follows:

	2024 HK$'000	2023 HK$'000
Within one year or on demand	**26,306**	21,046
More than one year, but not exceeding two years	**4,039**	–
More than two years, but not more than five years	**19,522**	–
More than five years	**30,292**	–
	80,159	21,046

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HKD	**10,000**	10,000
RMB	**70,159**	11,046
	80,159	21,046

The interest rates of the Group's borrowings at 31 December were as follows:

	2024	2023
Bank loans, secured	**2.55% to 5.41%**	3.60% to 6.78%

36. BORROWINGS (CONTINUED)

Bank loans of approximately HK$16,306,000 (2023: HK$11,046,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. Other bank loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The fair value of borrowings is approximated to their carrying amounts due to their short term nature or carrying interest at variable rate.

Bank loans of HK$10,000,000 (2023: HK$10,000,000) are secured by corporate guarantees provided by the Company and two Hong Kong subsidiaries of the Company (2023: corporate guarantee provided by the Company).

Bank loans of approximately HK$16,306,000 (2023: HK$11,046,000) are secured by corporate guarantees provided by two PRC subsidiaries of the Company.

Bank loans of approximately HK$53,853,000 (2023: HK$Nil) are secured by corporate guarantees provided by the Company, three PRC subsidiaries of the Company and one Hong Kong subsidiary of the Company and charges over certain of the Group's lands (Note 19) and construction in progress (Note 18).

All of the Group's banking facilities are subject to the fulfillment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the related borrowings would become payable on demand. The Group has complied with the financial covenants of its banking facilities during the year ended 31 December 2024 (2023: Same).

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

Additions and modification to right-of-use assets during the year of approximately HK$17,957,000 (2023: HK$11,332,000) were financed by lease liabilities.

Additions to construction in progress during the year of approximately HK$46,147,000 (2023: HK$Nil) were on credit.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2024 HK$'000	Additions HK$'000	Lease modification HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Derecognition HK$'000	Exchange differences HK$'000	31 December 2024 HK$'000
Bank loans	**21,046**	**-**	**-**	**59,511**	**-**	**-**	**(398)**	**80,159**
Lease liabilities	**16,339**	**510**	**17,447**	**(14,786)**	**309**	**-**	**(329)**	**19,490**
	37,385	**510**	**17,447**	**44,725**	**309**	**-**	**(727)**	**99,649**

	1 January 2023 HK$'000	Additions HK$'000	Lease modification HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Derecognition HK$'000	Exchange differences HK$'000	31 December 2023 HK$'000
Bank loans	38,500	–	–	(17,436)	–	–	(18)	21,046
Lease liabilities	21,892	580	10,752	(17,042)	506	(83)	(266)	16,339
	60,392	580	10,752	(34,478)	506	(83)	(284)	37,385

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2024 HK$'000	2023 HK$'000
Within operating cash flows	**959**	1,296
Within investing cash flows	**–**	32,059
Within financing cash flows	**14,477**	16,536
	15,436	49,891

These amounts relate to the following:

	2024 HK$'000	2023 HK$'000
Lease rental paid	**15,436**	17,832
Payment for right-of-use assets	**–**	32,059
	15,436	49,891

38. CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities (2023: Nil).

39. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2024 HK$'000	2023 HK$'000
Property, plant and equipment	**117,498**	170,584
Intangible assets	**1,287**	–
	118,785	170,584

40. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group regularly entered into short-term leases for office premises. As at 31 December 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 19.

As at 31 December 2024, the outstanding lease commitments relating to these office premises are approximately HK$114,000 (2023: HK$218,000).

41. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with its related parties:

	2024 HK$'000	2023 HK$'000
Year ended 31 December:		
Sales of goods to an associate	**18,078**	21,633
Royalty expense paid to an associate	**214**	–
Purchases of goods from an associate	**86**	73
Purchases of goods from related companies *(Note (a))*	**2,895**	1,233
Catering service fee paid to a related company *(Note (a))*	**650**	1,592
Rental expenses paid to related companies *(Note (a))*	**10,782**	12,986
Metal supplies and processing service fee to a related company *(Note (a))*	**7,200**	9,339
Service fee paid to a related company *(Note (b))*	**360**	–
At 31 December:		
Trade receivables from an associate	**11,628**	6,060
Other payables to related companies *(Note (a))*	**13,060**	12,217
Other receivable from a related company *(Note (a))*	**84**	88
Other receivable from a joint venture	**995**	–
Other payable to an associate	**3,457**	3,457

Note:

(a) Mr. Choi has beneficial interests in these related companies.

(b) Dr. Leung Ming Chu has beneficial interests in this related company.

(b) The remuneration of directors and other members of key management during the year was as follows:

	2024 HK$'000	2023 HK$'000
Short-term benefits	**16,677**	13,979
Retirement benefits scheme contributions	**689**	564
Equity-settled share-based payments	**273**	537
	17,639	15,080

42. PRINCIPAL SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2024 are as follows:

Name	Place of incorporation/ registration, operation and kind of legal entity	Issued share capital/ registered capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
Directly held:				
Vincent Medical Manufacturing Holdings Limited	The BVI, limited liability company	US$1	100%	Investment holding
Vincent Medical Care Holdings Limited	The BVI, limited liability company	US$1	100%	Investment holding
Indirectly held:				
Dongguan Vincent Rehabilitation Devices Company Limited ^ 東莞永健康復器具有限公司	The PRC, wholly-foreign owned enterprise with limited liability	HK$8,000,000	100%	Manufacturing of medical devices
Inspired Medical Japan Co., Ltd.	Japan, limited liability company	JPY95,000,000 (2023: JPY55,000,000)	55% (2023: 66.5%)	Trading of medical devices
Rehab-Robotics Company Limited	Hong Kong, limited liability company	HK$31,900,000	100%	Development of "Hand of Hope" robotic hand training devices
Shenzhen Vincent Raya Medical Device Company Limited ("**VMSZ**") ^,# 深圳永勝宏基醫療器械有限公司	The PRC, wholly-foreign owned enterprise with limited liability	RMB30,000,000	100%	Research and development of medical devices and investment holding
VHPL	Hong Kong, limited liability company	HK$100,000	100%	Trading of medical devices and investment holding
Vincent Inspired Medical Limited	Hong Kong, limited liability company	HK$1	100%	Investment holding
VMHK	Hong Kong, limited liability company	HK$14,889,321	100%	Investment holding
VMDG	The PRC, wholly-foreign owned enterprise with limited liability	HK$15,000,000	100%	Manufacturing of medical devices

42. PRINCIPAL SUBSIDIARIES (CONTINUED)

Particulars of the subsidiaries as at 31 December 2024 are as follows (Continued):

Name	Place of incorporation/ registration, operation and kind of legal entity	Issued share capital/ registered capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
Vincent Medical Celsius Limited	Hong Kong, limited liability company	HK$1	100%	Investment holding
Vincent Medical Excel Limited	Hong Kong, limited liability company	HK$10,000	60%	Design, sales and marketing of medical and healthcare devices
Vincent Medical Inovytec Limited	Hong Kong, limited liability company	HK$1	100%	Investment holding
Vincent Medical Retraction Limited	Hong Kong, limited liability company	HK$1	100%	Investment holding
Vincent Medical Technology (Guangdong) Limited	Hong Kong, limited liability company	HK$1	100%	Investment holding
Vincent Rehab Devices Company Limited	Hong Kong, limited liability company	HK$10	100%	Trading of medical devices and investment holding
VMGD*	The PRC, wholly-foreign owned enterprise with limited liability	RMB30,000,000	100%	Research and development, and manufacturing of medical devices
Vincent Raya (Dong Guan) Medical Device Co., Ltd.^ 東莞永勝宏基醫療器械有限公司	The PRC, wholly-foreign owned enterprise with limited liability	HK$2,100,000	100%	Trading of medical devices
Vincent Medical Development Limited	Hong Kong, limited liability company	HK$1	100%	Investment holding
Guangdong Vincent Medical Technology Co., Limited ("**GDVM**")^@ 廣東永勝醫療科技有限公司	The PRC, wholly-foreign owned enterprise with limited liability	RMB100,000,000	100%	Manufacturing of medical devices

^ For identification purposes only

The registered capital of VMSZ is RMB30,000,000 and RMB12,751,000 has been paid up as at 31 December 2024.

* The registered capital of VMGD is RMB30,000,000 and RMB18,669,000 has been paid up as at 31 December 2024.

@ The registered capital of GDVM is RMB100,000,000 and RMB80,000,000 has been paid up as at 31 December 2024.

The above list contains the particular of subsidiaries which principally affected the results, assets or liabilities of the Group. None of the subsidiaries has issued any debt securities.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is as follows.

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**800,963**	717,973	629,242	777,720	1,155,383
Profit/(loss) before tax	**77,979**	66,915	(15,516)	66,180	284,084
Income tax expense	**(7,083)**	(8,707)	(2,874)	(6,110)	(36,649)
Profit/(loss) for the year	**70,896**	58,208	(18,390)	60,070	247,435
Attributable to:					
Owners of the Company	**69,167**	57,275	(17,398)	60,695	216,865
Non-controlling interests	**1,729**	933	(992)	(625)	30,570
	70,896	58,208	(18,390)	60,070	247,435

	At 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and Liabilities					
Non-current assets	**332,028**	213,959	177,441	205,400	248,603
Current assets	**587,657**	572,650	549,258	640,755	698,264
Non-current liabilities	**(64,386)**	(6,891)	(11,515)	(12,914)	(10,743)
Current liabilities	**(271,940)**	(236,627)	(216,571)	(232,808)	(330,945)
Net assets	**583,359**	543,091	498,613	600,433	605,179
Attributable to					
Owners of the Company	**578,553**	541,843	498,011	598,361	611,557
Non-controlling interests	**4,806**	1,248	602	2,072	(6,378)
	583,359	543,091	498,613	600,433	605,179