# 上海心瑋醫療科技股份有限公司
# Shanghai HeartCare Medical Technology Corporation Limited

(A joint stock company incorporated in the People's Republic of China with limited liability)
(於中華人民共和國註冊成立的股份有限公司)

Stock Code 股份代號：6609

# 2024
# Annual Report
# 年度報告

# CONTENTS



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. WANG Guohui *(Chairman, Chief executive officer)*
Ms. ZHANG Kun
Mr. WEI Jiawei *(Deputy general manager)*

### Non-executive Directors

Mr. DING Kui
Mr. CHEN Shaoxiong
Mr. CHEN Gang

### Independent Non-executive Directors

Mr. GUO Shaomu
Mr. FENG Xiangqian
Mr. GONG Ping

## AUDIT COMMITTEE

Mr. GONG Ping *(Chairman)*
Mr. FENG Xiangqian
Mr. DING Kui

## REMUNERATION COMMITTEE

Mr. GUO Shaomu *(Chairman)*
Mr. GONG Ping
Mr. WANG Guohui

## NOMINATION COMMITTEE

Mr. FENG Xiangqian *(Chairman)*
Mr. GUO Shaomu
Ms. ZHANG Kun *(appointed on March 27, 2025)*
Mr. WANG Guohui
*(resigned on March 27, 2025)*

## STRATEGY COMMITTEE

Mr. WANG Guohui *(Chairman)*
Ms. ZHANG Kun
Mr. DING Kui
Mr. CHEN Gang

## SUPERVISORS

Mr. JIANG Xinbei
Ms. JIANG Xue
Mr. LIU Baiwei *(appointed on March 27, 2025)*
Mr. XUE Zongyu
*(resigned on March 27, 2025)*

## JOINT COMPANY SECRETARIES

Mr. ZHANG Han
Ms. KWOK Siu Ying Sarah *(ACG, HKACG)*

## AUTHORIZED REPRESENTATIVE

Mr. WANG Guohui
Mr. ZHANG Han
*Alternate to authorized representatives*
Ms. KWOK Siu Ying Sarah

## HEADQUARTERS AND REGISTERED OFFICE IN THE PRC

Building 38
No. 356, Zhengbo Road
Lingang New District
Pilot Free Trade Zone
Shanghai
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong
PRC

# Corporate Information (Continued)

## LEGAL ADVISERS

*As to Hong Kong and United States laws:*
O'Melveny & Myers
31/F, AIA Central
1 Connaught Road
Central
Hong Kong
PRC

*As to PRC law:*
ALLBRIGHT LAW OFFICES
9, 11, 12/F, Shanghai Tower
No. 501, Yincheng Middle Road
Pudong New Area
Shanghai
PRC

## H SHARE REGISTRAR

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

## PRINCIPAL BANK

China Merchants Bank Co., Ltd.
Shanghai Zhangjiang Sub-Branch
1F, No. 88, Keyuan Road
Shanghai
PRC

## STOCK CODE

6609

## COMPANY'S WEBSITE

www.heartcare.com.cn

## LISTING DATE

August 20, 2021

## AUDITOR

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

# Financial Summary

| | Year ended December 31, | | | | |
|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | 2021 | 2020 |
| | **RMB'000** | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Revenue** | **277,899** | 232,344 | 183,032 | 90,089 | 14,562 |
| **Gross profit** | **181,716** | 163,759 | 124,333 | 54,950 | 7,087 |
| **LOSS BEFORE TAX** | **(11,992)** | (102,920) | (201,249) | (197,906) | (216,183) |
| **LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | **(13,622)** | (94,012) | (200,384) | (197,906) | (216,183) |
| **Loss and total comprehensive loss attributable to:** | | | | | |
| **Owners of the parent** | **(13,622)** | (94,012) | (200,384) | (194,225) | (213,664) |
| **Non-controlling interests** | **—** | — | — | (3,681) | (2,519) |
| **LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | | | | | |
| **Basic and diluted (RMB)** | **(0.36)** | (2.47) | (5.24) | (5.82) | (9.78) |

| | As at 31 December | | | | |
|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | 2021 | 2020 |
| | **RMB'000** | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Total non-current assets** | **182,451** | 195,853 | 180,537 | 172,324 | 111,849 |
| **Total current assets** | **1,023,798** | 1,005,392 | 1,132,022 | 1,332,324 | 661,782 |
| **Total current liabilities** | **82,425** | 59,782 | 67,506 | 55,388 | 36,612 |
| **Total non-current liabilities** | **61,576** | 65,819 | 79,576 | 76,709 | 45,984 |
| **Non-controlling interests** | **—** | — | — | — | 9,667 |
| **Total equity** | **1,062,248** | 1,075,644 | 1,165,477 | 1,372,551 | 691,035 |

# Chairman's Statement

Dear Shareholders,

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

In 2024, the Company recorded revenue of RMB277.9 million, with neuro-intervention business maintaining the growth trend. Despite the impact of bulk purchasing prices and intensified market competition leading to a decline in gross margin, loss before taxation sharply narrowed to RMB12.0 million, representing a year-on-year decrease of 88.3%. With the expanding business and the effectiveness of cost control and efficiency enhancement measures, the expense ratio for sales and distribution expenses and administrative expenses decreased to 49.6%, representing a year-on-year decrease of 16.6 percentage points.

So far, the Company has obtained the NMPA registration certificates for 31 products in total, which are used in over 2,500 hospitals across the country. Several of our neuro-interventional products have won bids in alliance volume-base procurement (VBP) as the top-ranked or the highest prices in their respective groups. This has helped the Company further expand its market share. In response to fast-changing industry policies and market landscape, the Company, leveraging the management team's insights into the domestic medical market, has launched a series of influential and innovative products including the 088 aspiration catheters and vascular reconstruction devices. The Company has been upgrading its neuro-interventional business with focus of differentiated treatment devices. In the next two years, the Company expects to launch at least two major treatment devices, including carotid artery stents and self-expanding drug stents for the treatment of intracranial stenosis.

In 2024, the Company proposed two innovative techniques — Carotid artery heavy load thrombus aspiration technique (CATCH) and CATCH mini, which provide more efficient, rapid and safe solutions for the treatment of acute ischemic stroke, improving the prognosis of patients and gaining wide clinical recognition.

The nationwide implementation of VBP accelerated the transition toward intensified competition in existing markets and domestic substitutions. The Company's neuro-interventional products achieved comprehensive provincial coverage across China, with annual implantation volume exceeding 180,000 units in 2024. In the overseas market, the Company has obtained CE or FDA certification of the thrombectomy stent, balloon guiding catheter, distal access catheter and microcatheter and 26 registration certificates in other countries or regions. The Company is working on registration for over 40 products in 10 countries or regions, which has grown our sales channels and laid a foundation for the long-term goal of overseas sales.

# Chairman's Statement (Continued)

The past year has been marked by challenges and opportunities. Confronting the complex and volatile global economic landscape, the medical device industry has faced unprecedented competitive pressures and transformative impetus. However, through a series of management initiatives, the Company has enhanced operational efficiency and gradually established a cost advantage. Looking ahead, staying committed to our corporate strategies of business focus and cost control efficiency, we will establish and reinforce our competitive advantages in markets where we possess distinctive strengths and growth potential, driving up our market share. We will further intensify market expansion efforts, consolidating our domestic leadership while exploring new opportunities in international markets to achieve new breakthroughs in sales performance. At the same time, we will deepen internal management reforms and strengthen talent development to enhance the Company's core competitiveness and overall capabilities.

I would like to take this opportunity to express my sincere gratitude to our shareholders, employees, customers, suppliers as well as all those who care about HeartCare Medical. Thank you once again for your continued support for and trust in HeartCare Medical.

**Mr. WANG Guo Hui**
*Chairman and Chief Executive Officer*

# Management Discussion and Analysis

## BUSINESS

### Overview

We are an innovative medical device company committed to improving the accessibility of innovative medical technologies and protecting lives and health. We have established a pioneering leadership position in China's neuro-interventional market and successfully provided the first domestic one-stop solution for stroke treatment and prevention. Leveraging our advantage in R&D, manufacturing and commercialization, we strive to fulfill the unmet needs of clinicians and patients in the fields with tremendous opportunities, redefine the standard of care, reduce mortality rate, and improve prognosis by continuously launching innovative medical devices.

In the fiscal year 2024, the Company recorded revenue of RMB277.9 million, representing a year-on-year increase of 19.6%. While the Company experienced the decrease on gross profit margin attributable to the price impact from the volume-base procurement and market competition, the Company's loss before taxation sharply narrowed to RMB12.0 million, representing a year-to-year decrease of 88.3%, and expense rate of the selling and distribution expenses and administrative expenses decreased to 49.6% (2023: 66.2%), as the business scale expands and the effects of cost control and efficiency enhancement measures become evident.

During the year, to adapt to the fast-changing market environment, the Company continuously promotes the upgrade of its neuro-intervention business toward the focus on differentiated treatment devices. Sales volume of acute ischemic stroke treatment devices such as thrombectomy stent, distal access catheter, aspiration catheter and support catheter etc. increased by 45.5%. Revenue of hemorrhagic stroke treatment devices and other interventional access devices increased by 104.2% and 109.4% respectively.

In 2024, the Company's R&D costs stood at RMB58.9 million to support the diversified candidates of neuro-intervention treatment devices. As of the date of this report, vascular reconstruction device (NMPA innovative device qualification) and flow diverter device for the treatment of hemorrhagic stroke have obtained NMPA approvals and commenced sales. Furthermore, the Company aims to enhance the competitiveness of key thrombectomy devices (aspiration catheter and thrombectomy stent) and one-stop medical device solutions for different subtypes of acute ischemic stroke. In the following 24 months, the Company expects to launch at least two major neuro-interventional treatment devices, including self-expanding drug stent and carotid artery stent for the treatment of intracranial stenosis to meet the growing demand for stroke treatment in the aging Chinese market.

In the overseas market, the Company has obtained CE or FDA certifications of the thrombectomy stent, balloon guiding catheter, distal access catheter and microcatheter, as well as 26 other registration certificates in other countries or regions. The Company is currently working on more than 40 product registrations in 10 countries or regions, expanding sales channels, and laying the foundation for achieving long-term goals in overseas sales.

# Management Discussion and Analysis (Continued)

## Products and Pipeline

As of the date of this report, we have 31 device products approved by NMPA, three device products approved by FDA and one product obtained CE Mark.

The following diagram summarizes the development status of our neuro-interventional pipeline including approved products and broad product pipelines in the late-stage of R&D covering acute ischemic stroke and neurovascular stenosis treatment, hemorrhagic stroke treatment, ischemic stroke prevention, interventional access and peripheral interventional devices as of the date of this report:

| Product Field | | Product Category | Design Stage | Clinical Trial Stage | Registration and Evaluation Stage | Approval |
|---|---|---|---|---|---|---|
| Neuro-interventional treatment devices | Treatment of acute ischemic stroke | Thrombectomy Stent | | | | |
| | | Aspiration Pump | | | | |
| | | Aspiration Catheter | | | | |
| | Treatment of neurovascular stenosis | Intracranial Drug-eluting Stent | | | | |
| | | Intracranial Balloon Dilatation Catheter | | | | |
| | | Intracranial Low Pressure Balloon Dilatation Catheter | | | | |
| | | Carotid Artery Balloon Dilatation Catheter | | | | |
| | | Embolization Protection System | | | | |
| | | Carotid Artery Stent | | | | |
| | Treatment of hemorrhagic stroke | Embolic Coil | | | | |
| | | Vascular Reconstruction Device* | | | | |
| | | Embolization Assisting Balloon | | | | |
| | | Flow Diverter Device | | | | |
| | Prevention of ischemic stroke | Left Atrial Appendage (LAA) Occluder | | | | |
| Neuro-interventional access devices | | Balloon Guiding Catheter | | | | |
| | | Distal Access Catheter | | | | |
| | | Microcatheter | | | | |
| | | Microcatheter for Coiling | | | | |
| | | Microcatheter for Flow Diverter Device | | | | |
| | | Navigation Catheter | | | | |
| | | Vascular Closure Device | | | | |
| | | Neuro-interventional Micro Guidewire | | | | |
| | | Support Catheter | | | | |
| | | Neuro-interventional Microcatheter | | | | |
| | | Radial Access Catheter System | | | | |
| Peripheral interventional devices | | Fibered Occlusion Coil | | | | |
| | | Disposable Venous Ablation Catheter | | | | |
| | | Peripheral Thrombus AP Catheter | | | | |

* *Eligible for NMPA Green Channel*

# Management Discussion and Analysis (Continued)

### FDA and Conformité Européenne (CE) Pipeline

| Product Field | | Product Category | Submitted for Registration | Registration Approval |
|---|---|---|---|---|
| Neuro-interventional treatment devices | Treatment of acute ischemic stroke | Thrombectomy Stent | | CE |
| | Treatment of hemorrhagic stroke | Embolic Coil | CE | |
| Neuro-interventional access devices | | Balloon Guiding Catheter | | FDA |
| | | Microcatheter | | FDA |
| | | Distal Access Catheter | | FDA |
| | | Vascular Closure Device | CE | |

## Our Key Neuro-interventional Products and Product Candidates

*Ischemic Stroke Thrombectomy Devices*

**Core Product — Captor® Thrombectomy Stent** ("Captor") is the first domestic thrombectomy stent retriever with multi-markers approved by NMPA. Sales in China started in December 2020. As of the date of this report, we have upgraded Captor by adding more product models with stents of varying lengths and diameters. Depending on the occluded blood vessel diameter and thrombus size, physicians may choose the stent retriever with the proper length and size, out of a selection of nine product models. We are evaluating the opportunities for upgrading Captor for indication expansion. Further, we are evaluating the opportunities to market Captor overseas and may apply for its registration in the United States subject to the results of our evaluation. This product has obtained CE Mark.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP NEW INDICATION AND SPECIFICATIONS AND EXPAND OVERSEAS MARKET FOR OUR CAPTOR SUCCESSFULLY.**

**Aspiration Catheter** is used in the aspiration thrombectomy procedure to retrieve the thrombus and restore blood flow in occluded cerebral vessels for patients with acute ischemic stroke with large vessel occlusion ("AIS-LVO"). Aspiration thrombectomy can be performed not only on a stand-alone basis, but also together with stent retrieving thrombectomy in accordance with the patient's symptoms. We have obtained NMPA approval for our aspiration catheter and sales commenced in 2022.

Carotid artery heavy load thrombus aspiration technique (CATCH) combines our 8F large-inner lumen Aspiration Catheter ("088 Aspiration Catheter") with an approved aspiration indication. With a larger cross-sectional area, 088 Aspiration Catheter provides stronger negative pressure and thrombus accommodation space, enhancing recanalization rates. This allows physicians to precisely and rapidly remove thrombi during acute stroke thrombectomy, improving patient outcomes and gaining widespread clinical recognition.

Besides Captor and Aspiration Catheter, our **Aspiration Pump** for the treatment of ischemic stroke has obtained NMPA approval, and we had a product portfolio covering stents and aspiration thrombectomy procedure for the emergency treatment of different subtypes of acute ischemic stroke.

# Management Discussion and Analysis (Continued)

*Intracranial Stenosis Treatment Devices*

**Intracranial Balloon Dilatation Catheter and Carotid Artery Balloon Dilatation Catheter**

Both intracranial balloon dilatation catheter and carotid artery balloon dilatation catheter are designed to be used in balloon angioplasty procedures for patients with intracranial stenosis, with the former used in intracranial vessels and the latter in the carotid artery. The balloon dilatation catheters are designed to be passed into the narrowed artery and push the plaque to the sides of the artery and improve the patient's blood flow. We received the NMPA approvals for our intracranial balloon dilatation catheter and carotid artery balloon dilatation catheter in 2021.

**Embolization Protection System** is used in interventional procedures for peripheral, coronary artery and carotid artery to capture and remove debris that dislodges during the procedures. It can help prevent the debris from blocking smaller vessels, which may result in procedural complications. We have obtained NMPA approval for our embolization protection system.

**Intracranial Drug-eluting Stent** ("Intracranial DES") is a stent placed into narrowed and diseased arteries that slowly releases an anti-proliferative drug to block cell proliferation. The stent is usually placed within arteries during an angioplasty procedure. Drug-eluting stents generally consist of three parts — the stent platform, a polymer coating that binds the drug to the stent and releases drug, and the drug. As at the date of the report, patient enrollment for clinical trial of our intracranial DES has been completed.

**Carotid Artery Stent** is an endovascular implantable device designed for the treatment of extracranial carotid artery stenosis, typically deployed via percutaneous transluminal angioplasty (PTA) with embolic protection. As at the date of the report, our carotid artery stent is in registration stage.

*Hemorrhagic Stroke Treatment Devices*

**Vascular Reconstruction Device** is used in aneurysm coiling procedures for patients with aneurysm. It is designed for bridging the neck of aneurysm to support the coils placed in the aneurysm. Our vascular reconstruction device has been approved by NMPA in October 2024, and sales has commenced.

**Flow Diverter Device** is a neurovascular stent placed in the blood vessel of an aneurysm, which can divert blood flow away from the aneurysm. Over time, blood flow into the aneurysm may slow down and the aneurysm may shrink, thus healing the blood vessel. As at the date of this report, our flow diverter device has obtained NMPA approval.

*Ischemic Stroke Prevention Devices*

**Core Product — LAA Occluder** is a stroke prevention device designed to be permanently implanted at the opening of the LAA of patients with non-valvular atrial fibrillation (AF) to prevent thrombus escaping from the LAA, thus causing embolization. LAA Occlusion is a one-time surgical therapy with proven efficacy, in particular for the patient who is not suitable for long-term oral anticoagulation therapy and has a higher risk for bleeding complications. We have obtained NMPA approval and commenced sales in 2022.

# Management Discussion and Analysis (Continued)

*Vascular Access Devices*
We are also developing various vascular access devices for use in interventional procedures. As of the date of this report, we have obtained NMPA approvals for **Distal Access Catheter, Microcatheter, Balloon Guiding Catheter, Vascular Closure Device, Support Catheter, Neuro-Interventional Microcatheter, Neuro-interventional Micro Guidewire, Microcatheter for Coiling, Microcatheter for Flow Diverter Device** and **Navigation Catheter.**

In addition, we have several other product candidates in the design stage, which further supplement our full-set product portfolio for the treatment and prevention of stroke. For details of our products and product candidates, please refer to the Company's Prospectus.

## Research and Development

The Company's product R&D aims to build a high-quality product portfolio with market competitiveness. Capitalizing on existing R&D platforms, certain products we developed are qualified for NMPA priority review. Meanwhile, we formed a multi-level product matrix through continuously iterating products approved for marketing, so as to meet the clinical needs.

As of the date of this report, we had 254 registered patents, including 126 invention patents, 115 utility models and 13 industrial design patents. As of the date of this report, we also had 88 pending patents applications, including 76 invention patents, 11 utility models and 1 industrial design patents.

## Manufacturing

In terms of manufacturing, we continuously improve our product quality and competitive advantage based on a stable and efficient supply chain.

As of the date of this report, we have two production facilities in Shanghai Lingang New Area and Nanjing Jiangbei New Area, which can ensure a sufficient supply of products.

## Commercialization

As of the date of this report, we have established an extensive distribution network covering over 2,500 hospitals across all provinces nationwide other than Hong Kong and Macau.

Meanwhile, academic exchange platforms elaborately built by us contribute to our brand image and influence in the market through diversified channels and digital media, laying the foundation for long-term and stable revenue growth.

## Future and Outlook

We aim to become the leader in the neuro-interventional medical device market in China, and to develop into a competitive domestic device company in several innovative medical device markets within China.

# Management Discussion and Analysis (Continued)

We plan to implement the following strategies to achieve this goal:

- improve our brand recognition as a comprehensive neuro-interventional device solution provider in the market, expand sales of our commercialized neuro-interventional devices and rapidly advance our product candidates into commercialization;
- further enhance our manufacturing capabilities to ensure reliability of our product supply; and
- promote the development of innovative medical devices in emerging therapeutic fields with high potential growth market to form a second business unit with a competitive commercialized product portfolio in addition to our neuro-interventional business.

The Company also proposed to apply to the relevant PRC authorities for the issuance of A shares to be listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange, please refer to the Company's announcements dated October 10, 2022, November 9, 2022, October 16, 2023 and October 17, 2024 and circulars dated October 24, 2022, October 20, 2023 and October 21, 2024 for further details.

## FINANCIAL REVIEW

### Overview

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

### Revenue

For the year ended December 31, 2024, our revenue was mainly generated from the sales of our commercialized neuro-interventional devices.

Revenue increased by 19.6% from RMB232.3 million for the year ended December 31, 2023 to RMB277.9 million for the year ended December 31, 2024. The increase in revenue was mostly attributable to the continuous growth in sales of our acute ischemic stroke (AIS) treatment devices, and an increase of sales of hemorrhagic stroke treatment devices and access devices. Meanwhile, overseas revenue has significantly improved after a number of product registration approval by local bureau.

### Cost of Sales

Cost of sales increased from RMB68.6 million for the year ended December 31, 2023 to RMB96.2 million for the year ended December 31, 2024, which was in line with the increase in our revenue.

### Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB163.8 million for the year ended December 31, 2023 to RMB181.7 million for the year ended December 31, 2024. Gross profit margin is calculated as gross profit divided by revenue. Our gross profit margin decreased from 70.5% for the year ended December 31, 2023 to 65.4% for the year ended December 31, 2024, primarily attributed to the price impact from the volume-base procurement and market competition.

# Management Discussion and Analysis (Continued)

## Other Income and Gains

Other income and gains decreased from RMB26.1 million for the year ended December 31, 2023, to RMB23.1 million for the year ended December 31, 2024, primarily attributable to the decrease in our government grants and bank interest income.

## Research and Development Costs

Research and development costs decreased from RMB123.8 million for the year ended December 31, 2023, to RMB58.9 million for the year ended December 31, 2024, primarily due to (i) the decrease in raw materials and consumables incurred for the trial manufacture of our pipeline candidates; (ii) the reduction of number of staff of the R&D team; and (iii) the reduction in third party contracting costs.

The following table sets forth a breakdown of our research and development costs:

| | **Year ended December 31, 2024** | | Year ended December 31, 2023 | |
|---|---|---|---|---|
| | **RMB million** | **%** | RMB million | % |
| Staff costs | **22.6** | **38.4** | 43.9 | 35.5 |
| Depreciation | **8.0** | **13.6** | 8.2 | 6.6 |
| Third party contracting costs | **20.4** | **34.6** | 35.9 | 29.0 |
| Raw materials and consumables | **5.5** | **9.3** | 28.0 | 22.6 |
| Others | **2.4** | **4.1** | 7.8 | 6.3 |
| **Total** | **58.9** | **100.0** | 123.8 | 100.0 |

## Administrative Expenses

Administrative expenses decreased from RMB74.6 million for the year ended December 31, 2023 to RMB58.2 million for the year ended December 31, 2024, primarily attributed to a decrease in professional service fees.

## Selling and Distribution Expenses

Selling and distribution expenses increased from RMB79.2 million for the year ended December 31, 2023 to RMB79.6 million for the year ended December 31, 2024.

## Other Expenses

For the year ended December 31, 2024, we incurred other expenses of RMB18.3 million, which was primarily in relation to the impairment of inventories and losses related to land-use-right deposit.

## Finance Costs

Finance costs decreased from RMB2.2 million for the year ended December 31, 2023, to RMB1.7 million for the year ended December 31, 2024.

# Management Discussion and Analysis (Continued)

## Borrowings and Gearing Ratio

As at December 31, 2024 the Group has not incurred any outstanding borrowing. The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at December 31, 2024 was 3.4% (for the year ended December 31, 2023: 3.4%).

## Liquidity and Financial Resources

We primarily rely on capital contributions by our shareholders, equity financing as well as cash generated from our sales revenue of existing commercialized medical device products as major sources of liquidity. As part of our treasury policy, our management monitors and maintains a level of cash and bank balances deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As our business develops and expands, we expect to generate more cash from our operating activities, through increasing sales revenue of the existing commercialized products and by launching new products.

Our cash and bank balances as of December 31, 2024 were RMB601.9 million, representing a decrease of RMB20.3 million compared to RMB622.2 million as of December 31, 2023.

Our net current assets as of December 31, 2024 were RMB941.4 million, as compared to RMB945.6 million as of December 31, 2023.

## Capital Expenditure

For the year ended December 31, 2024, our total capital expenditure amounted to approximately RMB5.2 million as compared to a capital expenditure of RMB49.3 million for the year ended December 31, 2023, the capital expenditure was primarily used in the plant and equipment.

## Contingent Liabilities

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

## Significant Investments, Material Acquisitions and Disposals

The Group did not have material acquisitions and disposals of subsidiaries, associates and joint ventures, or have any significant investment accounting for more than 5% of the Group's total assets for the year ended December 31, 2024.

## Pledge of Assets

As of December 31, 2024, the Group had no pledge of assets.

## Foreign Exchange Exposure

We are exposed to foreign currency risk mainly arising from cash at bank denominated in USD and HKD. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

# Management Discussion and Analysis (Continued)

### Future Plans for Material Investments or Capital Assets

We had not authorized any plan for the material investments or acquisition of capital asset as of the date of this report.

## HUMAN RESOURCES

As of December 31, 2024, we had 344 full-time employees in total.

The remuneration policy for the Directors and senior management is based on their responsibility and general market conditions. Any discretionary and performance bonus are linked to the general performance of the Group and the individual performances of the Directors and senior management.

In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations and grounds for termination.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries and stock incentive plans to our employees especially key employees. We believe our benefits, working environment and development opportunities for our employees have contributed to good employee relations and employee retention.

## SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after the Reporting Period and up to the date of this report.

# Management Discussion and Analysis (Continued)

## USE OF PROCEEDS FROM LISTING

The H Shares of the Company were first listed on the Main Board of the Stock Exchange on August 20, 2021. Net proceeds received from our Global Offering aggregated approximately HK$1,014.8 million. Reference is made to the Company's prospectus dated August 10, 2021.

Details of the planned applications of net proceeds from the Listing were disclosed in the Prospectus. As at December 31, 2024, the utilization of the net proceeds from the Global Offering are as follows:

| Use of proceeds | Planned applications (HK$ million) | Actual utilization as at December 31, 2023 (HK$ million) | Utilization during the Reporting Period (HK$ million) | Actual utilization as at December 31, 2024 (HK$ million) | Balance as at December 31, 2024 (HK$ million) | Expected timeline for full utilization of the unutilized net proceeds[1] |
|---|---|---|---|---|---|---|
| R&D, manufacturing and marketing of our core products | 459.7 | 267.3 | 84.4 | 351.7 | 108.0 | December 31, 2026 |
| R&D, product registration, manufacturing and marketing of other product candidates in our pipeline | 404.9 | 223.1 | 47.4 | 270.5 | 134.4 | December 31, 2026 |
| Improvements to our R&D capacities and our continued expansion of product portfolio through internal research | 48.7 | 48.7 | — | 48.7 | — | — |
| Working capital and general corporate purposes | 101.5 | 101.5 | — | 101.5 | — | — |
| **Total** | **1,014.8** | **640.6** | **131.8** | **772.4** | **242.4** | |

Note:

1. The expected timeline to use the remaining proceeds is prepared based on the best estimate made by the Group, which is subject to change according to the current and future development of the market condition.

# Directors, Supervisors and Senior Management

## DIRECTORS

### Executive Directors

**Mr. WANG Guohui (王國輝)**, aged 47, is one of our single largest Shareholders and founders. As our director and chief executive officer since the establishment of our Company in June 2016, he was redesignated as our executive Director and appointed as our chairman of the Board on November 23, 2020. He is primarily responsible for the overall management of our Company.

Mr. Wang has over 20 years' experience in the fields of R&D and commercialization of medical devices. Prior to the founding of our Company, he worked at Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司, the "MicroPort"), a company primarily engaged in the R&D, manufacturing and marketing of medical devices and a subsidiary of MicroPort Scientific Corporation (微創醫療科學有限公司, the "MicroPort Scientific"), whose shares are listed on the Main Board of the Stock Exchange (stock code: 00853.HK), from August 2004 to February 2012. MicroPort Scientific was then a leading medical technology company that was developing, manufacturing and selling high-end medical devices in the PRC whose products included those used for vascular diseases and disorders, such as cardiovascular, neurovascular, aortic and peripheral vascular, as well as devices for cardiology, electrophysiology, orthopedics and diabetes. Mr. Wang was primarily responsible for the management of qualify system and registration regulations at MicroPort. From March 2012 to November 2014, he was the senior director of quality regulations at Angiocare Medical Technology Corporation Limited (上海安通醫療科技有限公司, the "Angiocare"), a company primarily engaged in the development, production and sale of medical devices for renal denervation, where he was primarily responsible for quality control and products registration. From December 2014 to November 2015, Mr. Wang served as the deputy general manager of Essen Technology (Beijing) Corporation Limited (易生科技(北京)有限公司, the "Essen Technology"), a company primarily engaged in interventional cardiovascular devices in China with a current focus on the R&D and commercialization of DES products, where he was primarily responsible for the overall management of the company. From December 2015 to May 2016, he was the deputy general manager of Shanghai Bio-heart Biological Technology Co., Ltd. (上海百心安生物技術股份有限公司), which is a leading interventional cardiovascular device company in China with current focus on bioresorbable scaffolds and renal denervation, where he was primarily responsible for quality control and products registration.

In November 2007, he was certified as a standardization engineer by Shanghai Municipal Human Resources Bureau (上海市人事局), currently known as Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局). In November 2019, he was appointed as a committee member by the Youth Committee of Shanghai Stroke Association (上海卒中學會青年理事會). In September 2020, Mr. Wang was appointed as a professional consultant to the Life Science Blue Bay of Lin-gang Special Area (臨港新片區生命藍灣) by China (Shanghai) Pilot Free Trade Zone Lin-gang Special Area Administration (中國(上海)自由貿易試驗區臨港新片區管理委員會) and Shanghai Lin-gang Economic Development (Group) Corporation Limited (上海臨港經濟發展(集團)有限公司). Mr. Wang was also appointed as a committee member of the Cardiovascular Implant Sub-Technical Committee of the National Standardization Technical Committee for Surgical Implants and Orthopedic Devices (全國外科植入物和矯形器械標準化技術委員會心血管植入物分技術委員會) by the Standardization Administration of the PRC (國家標準化管理委員會), a vice managing committee member of the Intervention Medical Engineering Committee of the Shanghai Biomedical Engineering Society (上海市生物醫學工程學會介入醫學工程專會副主任委員), and was named as a "Shanghai Industry Elite" (上海產業菁英).

# Directors, Supervisors and Senior Management (Continued)

Mr. Wang obtained his bachelor's degree in marine engineering management from Dalian Maritime University (大連海事大學) in the PRC in July 2000. He received his master's degree in applied chemistry from Shanghai University (上海大學) in the PRC in March 2005, and a degree of executive master of business administration from Tsinghua University (清華大學) in the PRC in January 2016.

**Ms. ZHANG Kun (張坤)**, aged 48 and formerly named Zhang Ye (張葉), was redesignated as our executive director on November 23, 2020. She joined our Company as a Supervisor in April 2018 and has served as a Director of our Company since September 2019. Ms. Zhang was the deputy general manager of our Company from November 23, 2020 to March 27, 2025. She is currently the legal representative of the Company's subsidiary, Shanghai Weiqi Medical Devices Co., Ltd and is primarily responsible for its operations.

Ms. Zhang has over 20 years' experience in the fields of the R&D and commercialization of medical devices. Prior to the founding of our Company, she was the sales representative of Shanghai Zhenwei Science and Trade Corporation Limited (上海真維科貿有限公司), a company mainly engaged in the distribution of medical devices, from August 2000 to May 2002, where she was primarily responsible for the development, sale and marketing of the interventional products in Shanghai area. From May 2002 to March 2004, she was the regional sales manager in charge of Shanghai area at MicroPort and was then promoted to the head of marketing department and medical affairs department during the period from March 2005 to May 2009. From May 2009 to January 2011, she served as the national marketing director of Shanghai MicroPort EP MedTech Corporation Limited (上海微創電生理醫療科技股份有限公司), a company primarily engaged in the R&D, manufacturing and marketing of medical devices and equipment and a subsidiary of MicroPort Scientific where she was primarily responsible for the marketing of the company. From December 2012 to November 2014, Ms. Zhang was the director of clinical experiment department at Angiocare, where she was primarily responsible for the management of clinical experiments and the marketing of products. From November 2014 to October 2020, she was the deputy general manager at Essen Technology, where she was primarily responsible for the overall management of the company. Ms. Zhang has served as the director of the Hong Kong United Future Foundation (香港共融未來基金會) since October 2023; she also became a member of the Beijing Women's Association for Hong Kong, Macau, Taiwan and Overseas (北京港澳台僑婦女聯誼會) in 2024.

Ms. Zhang obtained her bachelor's degree in mechanical and electrical engineering from Beijing Academy of Armored Forces Engineering (北京裝甲兵工程學院) in the PRC in July 2000. She received her master's degree in business administration from the City University of Hong Kong in Hong Kong in February 2017. Since 2017,Ms. Zhang has held various positions at the City University of Hong Kong Executive Master of Business Administration (Chinese) Alumni Association (香港城市大學EMBA(中文)校友會, the "EMBA (Chinese) Alumni Association of CityU"). In September 2018, she was appointed as the deputy secretary-general for a term of two years from 2017 to 2019 by EMBA (Chinese) Alumni Association of CityU Limited (香港城市大學行政人員工商管理碩士(中文)校友會有限公司). Subsequently since December 2019, Ms. Zhang has been serving as a council member of EMBA (Chinese) Alumni Association of CityU for consecutive terms from 2019 to 2021, and 2021 to 2024. In December 2019, she was also appointed as a full-time deputy vice-president (devices) of the Biomedicine Professional Committee (生物醫藥專業委員會) of EMBA (Chinese) Alumni Association of CityU, certified as the founding member and appointed as the consultant to the presidential council of the EMBA (Chinese) Alumni Association of CityU.

# Directors, Supervisors and Senior Management (Continued)

**Mr. WEI Jiawei (韋家威)**, aged 47, joined our Company in September 2020 and was appointed as the deputy general manager in November 2020. He was redesignated as our executive director on June 10, 2022. He is primarily responsible for sales and marketing management of our Company.

Mr. Wei has extensive experience in the field of marketing and sale of medical devices. Between September 2005 to December 2008, he worked in the BSC International Medical Trading (Shanghai) Corporation Limited (波科國際醫療貿易(上海)有限公司). From July 2008 to July 2018, Mr. Wei was first a regional sales manager in Ev3 Medical Devices (Beijing) Corporation Limited (醫偉司安醫療器材(北京)有限公司) and then promoted to the manager of its national new business development department of Covidien Healthcare International Trading (Shanghai) Corporation Limited (柯惠醫療器材國際貿易(上海)有限公司), both companies being the subsidiaries of Medtronic plc. He was a deputy general manager of sales of Jiangsu Nico Medical Technology Corporation Limited (江蘇尼科醫療器械有限公司) from August 2018 to August 2020.

Mr. Wei obtained his bachelor's degree in chemical pharmaceutical technology from East China University of Science and Technology (華東理工大學) in the PRC in July 1999.

## Non-executive Directors

**Mr. DING Kui (丁魁)**, aged 42, joined our Company in April 2018 as a Director and was redesignated as our non-executive director on November 23, 2020. He is primarily responsible for providing strategic advice and recommendations on the operations and management of our Company.

Mr. Ding has more than 19 years' experience in financial and healthcare industries. From August 2005 to August 2012, Mr. Ding worked in Sinolink Securities Corporation Limited (國金證券股份有限公司) as a business director. He has been serving as the deputy general manager and the secretary of the board of directors at Shanghai Kinetic Medical Corporation Limited (上海凱利泰醫療科技股份有限公司, the "Kinetic") since August 2012, where he was primarily responsible for the management of the office of the board of directors, the investment and development department and legal department. Since he joined Kinetic, Mr. Ding has also been serving as non-executive directors and supervisors in various companies Kinetic invested in.

Mr. Ding obtained his bachelor's degree in electrical engineering and automation from Tongji University (同濟大學) in the PRC in July 2003.

**Mr. CHEN Shaoxiong (陳少雄)**, aged 63, was appointed as our non-executive director on November 9, 2022. He has worked at the Shanghai Biopharmaceutics Industry Association ("SBIA") since May 2003 and is currently serving as the secretary general and executive president of SBIA. Mr. Chen was also appointed as the chairman of Shanghai Shenjiang Medical Science and Technology Development Foundation (上海申江醫學科技發展基金會) in May 2023 and began serving as an independent director of Shanghai Tellegen Life Technology Co., Ltd. (上海透景生命科技股份有限公司), a company listed on the Shenzhen Stock Exchange (300642.SZ) in December 2023. Mr. Chen was also appointed as the independent non-executive director of Both Engineering Technology Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601133.SH) with effect from March 14, 2024. He was also appointed as the independent non-executive director of Shanghai No.1 Pharmacy Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600833.SH) with effect from June 21, 2024. Prior to joining SBIA, Mr. Chen Shaoxiong worked at Shanghai No.1 Biochemical and Pharmaceutical Co., Ltd. and its predecessor, Shanghai Biochemical Pharmaceutical

# Directors, Supervisors and Senior Management (Continued)

Factory, between July 1984 and April 2003. Mr. Chen Shaoxiong has also served as the secretary general of the award committee of the C.C. Tan Life Science Award since May 2008 and the vice president of the Shanghai Federation of Industrial Economics: Shanghai Federation of Economic Organization since January 2010.

Mr. Chen Shaoxiong obtained his bachelor's degree in agriculture from the School of Agriculture and Biology of Shanghai Jiao Tong University (formerly known as Shanghai School of Agriculture) in July 1984, and he further obtained his executive master's degree in business administration from Antai College of Economics and Management at Shanghai Jiao Tong University in June 2010, and his doctorate of business administration from the Grenoble Ecole De Management in France in February 2018. Mr. Chen Shaoxiong has also been a qualified principal senior engineer since December 2018.

**Mr. CHEN Gang (陳剛)**, aged 41, joined our Company in June 2020 as a Director and was redesignated and served as our non-executive director from November 2020 to August 2022. He was then appointed as our non-executive director on November 8, 2023. He is primarily responsible for providing strategic advice and recommendations on the operations and management of our Company.

Mr. Chen has over 17 years' experience in financial industry. From 2007 to 2011, Mr. Chen served as a project leader at L.E.K. Consulting (Shanghai) Co., Ltd. (艾意凱諮詢(上海)有限公司). Where he was primarily responsible for business strategy, merger and acquisition advisories for healthcare and life sciences clients. From 2013 to 2015, Mr. Chen worked at Vivo Capital Equity Investment Management (Shanghai) Co., Ltd. (維梧股權投資管理(上海)有限公司), where he was primarily responsible for investment due diligence, deal executions and portfolio management. From 2015 to 2017, Mr. Chen worked at Shanghai Aland Investment Holdings Co., Ltd. (上海艾蘭得投資控股有限公司). Mr. Chen joined LYFE Capital Equity Investment Management (Shanghai) Co., Ltd. (洲嶺私募基金管理(上海)有限公司) as a director in March 2017, and he has been its partner since March 2019.

In his capacity as an investor, Mr. Chen served at various capacity for the following companies:

- From June 2018 to August 2020, as a director in Hangzhou Kangji Medical Instrument Co., Ltd. (杭州康基醫療器械有限公司) and from March 2020 to April 2022, Mr. Chen served as a non-executive director of Kangji Medical Holdings (康基醫療控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 9997).

- From October 2017 to November 2019, as a non-executive director at Cardiolink Science (Shenzhen) Medical Technology Development Co., Ltd. (科睿馳(深圳)醫療科技發展有限公司).

- From October 2020 to September 2021, as a non-executive director of Hangzhou Sciwind Biotech Co., Ltd. (杭州先為達生物科技有限公司).

- From November 2020 to June 2021, as a non-executive director at BirdoTech (Shanghai) Medical Technology Corporation Limited (都創(上海)醫藥科技股份有限公司).

- From December 2020 to April 2022, as a non-executive director of Nanjing Yoko Pharma Biotechnology Medicine Corporation Limited (南京優科生物醫藥股份有限公司).

# Directors, Supervisors and Senior Management (Continued)

- From April 2021 to August 2022, as a non-executive director of Hangzhou Jianjia Robot Co., Ltd (杭州鍵嘉機器人有限公司).

- From June 2018 to December 2020, as a supervisor at Sino Medical Sciences Technology Inc. (賽諾醫療科學技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688108).

- From November 2020 to September 2022, as a supervisor of Jiangsu Recbio Technology Co., Ltd. (江蘇瑞科生物技術股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2179).

- From January 2018 to February 2023, as a non-executive director of Baicare Biotechnology Co., Ltd (北京百康芯生物科技有限公司).

Mr. Chen is currently serving the following positions outside our Group:

- Since July 2018, as a non-executive director of Beijing Anngeen Biotechnology Co., Ltd. (北京安智因生物技術有限公司).

- Since May 2020, as a non-executive director of Shanghai Zhenge Biotech Co., Ltd. (上海臻格生物技術有限公司), a company primarily engaged in biologics CDMO service for biopharma and biotech companies.

- Since September 2020, as a non-executive director of Shenzhen ReeToo Biotech Co., Ltd. (深圳市瑞圖生物技術有限公司), a company primarily engaged in innovative AI-enhanced IVD products.

- Since January 2021, as a non-executive director of Shenzhen Edge Medical Robotics Co. Ltd. (深圳市精鋒醫療科技有限公司), a company primarily engaged in surgical treatments robotics.

- Since February 2021, as a non-executive director of Shanghai ShenQi Medical Technology Co. Ltd. (上海申淇醫療科技有限公司), a company primarily engaged in interventional medical devices.

- Since February 2022, as a non-executive director of MediLink Therapeutics (Suzhou) Co., Ltd. (蘇州宜聯生物醫藥有限公司).

- Since July 2023, as a board director of Fong's Engineering & Manufacturing Pte Ltd, a company based in Singapore engaged in medical device CDMO manufacturing.

Mr. Chen received his bachelor's degree in clinical medicine from Shanghai Medical School of Fudan University (復旦大學上海醫學院) in the PRC in July 2007 and master's degree in business administration from Northwestern University Kellogg School of Management in the U.S. in June 2013.

# Directors, Supervisors and Senior Management (Continued)

## Independent Non-executive Directors

**Mr. GUO Shaomu (郭少牧)**, aged 59, has been our independent non-executive director since November 23, 2020. He is primarily responsible for providing independent advice on the operations and management of our Company to our Board.

Mr. Guo has over 13 years of experience in investment banking in Hong Kong, during which time he accumulated ample knowledge in the financial industry. From February 2000 to February 2001, Mr. Guo served as an associate of corporate finance at Salomon Smith Barney, an investment bank principally engaged in providing financial services (an investment banking arm of Citigroup Inc.), where he was primarily responsible for supporting the marketing and execution efforts of the China team. From March 2001 to September 2005, Mr. Guo served as an associate and an associate director of global investment banking at HSBC Markets (Asia) Limited, an investment bank principally engaged in providing financial services, where he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo served as a vice president and a director of the real estate team at J.P. Morgan Investment Banking Asia, an investment bank principally engaged in financial services, where he was primarily responsible for marketing efforts covering the real estate sector in the PRC. From April 2007 to April 2013, Mr. Guo served as a director and a managing director of the real estate team at Morgan Stanley Investment Banking Asia, an investment bank primarily engaged in providing financial services, where he was one of the key members responsible for the business in the real estate sector in the Greater China region.

Mr. Guo has served as an independent non-executive director of Yida China Holdings Limited, a property developer listed on the Main Board of the Stock Exchange (stock code: 3639.HK), since June 2014, Fantasia Holdings Group Co. Limited, a property developer listed on the Main Board of the Stock Exchange (stock code: 1777.HK), since February 2015. Moreover, Mr. Guo has also served as an independent non-executive director of GalaxyCore Inc. (格科微有限公司), a company listed on the Sci-Tech Board of the Shanghai Stock Exchange (stock code: 688728.SH), since March 2020. Mr. Guo was also an independent non-executive director of Ganglong China Property Group Limited, a property developer listed on the Main Board of the Stock Exchange (stock code: 6968.HK) between June 2020 and December 2023. Mr. Guo was also an independent non-executive director of Sunkwan Properties Group Limited (上坤地產集團有限公司), a property developer listed on the Main Board of the Stock Exchange (stock code: 6900.HK) between October 2020 and July 2024.

Mr. Guo obtained his bachelor's degree in electrical engineering from Zhejiang University (浙江大學) in the PRC in July 1989, a master's degree in computer engineering from University of Southern California in May 1993. He received his master's degree in business administration from the School of Management of Yale University in May 1998.

# Directors, Supervisors and Senior Management (Continued)

**Mr. FENG Xiangqian (馮向前)**, aged 38, has been our independent non-executive director since November 23, 2020. He is primarily responsible for providing independent advice on the operations and management of our Company to our Board.

Mr. Feng has over 17 years' experience in financial industry. Mr. Feng was a senior manager of Caitong Securities Corporation Limited (財通證券股份有限公司) from July 2007 to October 2010 where he was primarily responsible for initial public offering affairs. He was a business director of the investment banking department of Donghai Securities Corporation Limited (東海證券股份有限公司) from November 2010 to February 2014. He worked at Shenzhen Stock Exchange from March 2014 to March 2017. From August 2017 to July 2018, Mr. Feng was the vice president of the investment banking division of China Merchants Pingan AMC (深圳市招商平安資產管理有限責任公司). Since April 2019, he has been employed by Xiangcai Securities Corporation Limited (湘財證券股份有限公司).

Mr. Feng obtained his bachelor's degree in biological science from Fudan University in July 2007 and his master's degree in finance from the University of Chinese Academy of Social Sciences (中國社會科學院大學) (formerly known as the Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院)) in the PRC in June 2013. In October 2020, Mr. Feng received his certificate of senior economist from Shenzhen Municipal Human Resources and Social Security Bureau (深圳市人力資源和社會保障局). In addition, he has been a member of the Global Association of Risk Professionals as a financial risk manager since August 2019.

**Mr. GONG Ping (龔平)**, aged 38, has been our independent non-executive director since January 11, 2021. He is primarily responsible for providing independent advice on the operations and management of our Company to our Board.

Mr. Gong has over 15 years' experience in auditing and financial management. Mr. Gong was the audit manager of the Shanghai branch of Ernst & Young Hua Ming (LLP) (安永華明會計師事務所(上海分所)特殊普通合夥) from December 2009 to March 2015. He then served as the deputy director of capital market division of Broad Greenstate Ecological Construction Group Company Limited (博大綠澤生態建設集團有限公司) from March 2015 to April 2018. Mr. Gong was the chief financial officer of Dook Media Group Limited (讀客文化股份有限公司) from April 2018 to April 2024. Since May 2024, Mr. Gong has been the chief financial officer of Shanghai Liangyu Biotechnology Co., Ltd. (上海量預生物科技有限公司). Mr. Gong has served as the general manager of the fiscal and financial department of Zhonglu Co., Ltd. (中路股份有限公司) since November 2024.

Mr. Gong obtained his bachelor's degree in international accounting (U.S. division) from Shanghai University of Finance and Economics (上海財經大學) in July 2009. He has also obtained his master's degree in business administration (MBA) from the Shanghai Jiao Tong University in March 2021. Mr. Gong has been a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會, the "CICPA") since June 2015 and a member of Certified Public Accountants Association of Australia since February 2015. Mr. Gong obtained his CPA qualification, awarded by the Hong Kong Institute of Certified Public Accountants in February 2017.

# Directors, Supervisors and Senior Management (Continued)

## SUPERVISORS

**Mr. JIANG Xinbei (姜心貝)**, aged 33, was appointed as our supervisor on November 9, 2022. Mr. Jiang has been working at Shanghai Sharowin Equity Fund Management Co., Ltd since April 2021 and currently serves as a senior investment manager, and is primarily responsible for equity investment management and consulting.

Mr. Jiang Xinbei was a technical salesperson at Covidien Medical Equipment International Trade (Shanghai) Co., Ltd from July 2018 to May 2019, and he then served as an investment manager at Jiangsu Tianhui Hongyou Investment Management Co., Ltd from September 2019 to April 2021.

Mr. Jiang Xinbei received his bachelor's degree in pharmaceutical engineering from China Pharmaceutical University in the PRC in July 2015 and his master's degree in medicinal chemistry from Peking Union Medical College in the PRC in July 2018.

**Ms. JIANG Xue (姜雪)**, aged 39, joined our Company in October 2021 as a legal manager and was redesignated as our supervisor on November 9, 2022. She is primarily responsible for monitoring and handling legal affairs of the Company.

Ms. Jiang Xue was a patent engineer at Shanghai Sinyang Semi-conductor Material Co., Ltd from September 2012 to July 2013, and she then served as a patent manager at Daicel Chiral Technologies (Shanghai) Co., Ltd from November 2013 to April 2018. Ms. Jiang Xue was an associate at Shanghai Ryser & Associates from May 2018 to September 2021.

Ms. Jiang Xue received her bachelor's degree in applied chemistry (fine chemicals) and her master's degree in chemical engineering and technology from the Dalian University of Technology in the PRC in July 2008 and July 2011, respectively. Ms. Jiang Xue holds the Lawyer Qualification Certificate (法律職業資格證書) in the PRC and is a qualified patent agent in the PRC.

**Mr. LIU Baiwei (劉柏巍)**, aged 31, joined the Company in November 2024 as the director of finance and investor relations and was redesignated as our supervisor on March 27, 2025. Prior to joining the Company, Mr. Liu worked at the investment banking department of Sinolink Securities Co., Ltd. (國金證券股份有限公司) from August 2017 to October 2024, where his focus was primarily responsible for initial public offerings, mergers and acquisitions, and refinancing for companies in the biopharmaceutical industry. Mr. Liu has extensive experience in capital markets and financial management.

Mr. Liu obtained his bachelor of engineering from Donghua University in June 2015 and a master of management from the University of Sheffield in December 2016.

# Directors, Supervisors and Senior Management (Continued)

## SENIOR MANAGEMENT

**Mr. WANG Guohui (王國輝)**, aged 47, has been our chief executive officer since the establishment of our Company in June 2016 and our chairman of the Board since November 23, 2020. For further details, please see the paragraphs headed "Directors, Supervisors and Senior Management — Directors — Executive Directors" in this section.

**Mr. WEI Jiawei (韋家威)**, aged 47, has been appointed as our deputy general manager since November 2020. For further details, please refer to the paragraphs headed "Directors, Supervisors and Senior Management — Directors — Executive Directors" in this section.

**Mr. ZHANG Han (張涵)**, aged 38, joined our Company in November 2020 and appointed as our chief financial officer on November 23, 2020. He was appointed as our company secretary on December 22, 2020 and was further appointed as the vice president and chief operating officer of our Company on March 27, 2025, mainly responsible for taking the lead in the Company's strategic execution work, assisting the Chairman in coordinating the daily operation and management of the enterprise, as well as the Company's financial compliance, investment and financing, and market value management.

Mr. Zhang has extensive experience in equity capital market and financial management. Mr. Zhang started to work at Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)) in December 2009 and left as a senior associate in June 2012. From June 2012 to November 2020, he served as a senior manager, a director and an executive director of investment banking at Sinolink Securities Corporation Limited (國金證券股份有限公司), where he also served as the deputy general manager responsible for the corporate finance and M&A business in healthcare sector.

Mr. Zhang obtained his bachelor's degree in accounting and international economic law from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2009. He is a member of CICPA since March 2014 and also a member of Certified Public Accountants Association of Australia since June 2012.

**Mr. XUE Zongyu (薛宗玉)**, aged 39, joined our Company in November 2017 and currently serves as the vice president of quality regulation of the Company, primarily responsible for supervising and handling the quality management on research, development and production of the Group's medical devices, and the registration of such medical devices. Mr. Xue was our supervisor from November 8, 2023 to March 27, 2025.

Mr. Xue was a quality engineer at Shanghai Medical Instruments (Group) Co., Ltd. Surgical Instruments Factory (上海醫療器械(集團)有限公司手術器械廠) from April 2009 to May 2010 and also as a quality engineer at Shanghai MicroPort Orthopedic Medical Technology Co., Ltd. (上海微創骨科醫療科技有限公司) from May 2010 to March 2012. He subsequently served as a quality manager at Shanghai AngioCare Technology Company Limited (上海安通醫療科技有限公司) from April 2012 to October 2017.

Mr. Xue received his bachelor's degree in material science and engineering from Taiyuan University of Science and Technology (太原科技大學) in July 2006 and his master's degree in material processing engineering from Shanghai University (上海大學) in March 2009.

# Directors, Supervisors and Senior Management (Continued)

**Mr. XIAN Wenlong (咸文龍)**, aged 37, joined our Company in November 2020 and was appointed as supply chain director. He was appointed as the vice president of the supply chain on January 2022, primarily responsible for the production operation and supply chain management of the Company. Mr. Xian has over 15 years of rich experience in supply chain operation and management of medical device products. He worked in Shanghai MicroPort Medical Group from 2009 to November 2020, successively serving as production director, senior supervisor of quality and business development, senior director of supply chain and manager of precise tubing operation center. He was awarded " First Prize of Science and Technology Award" (上海市科學技術獎一等獎) granted by the Shanghai Municipal Government in 2020.

Mr. Xian graduated from University of Shanghai for Science and Technology in January 2014, possessing a bachelor degree in medical instrument engineering.

For the purpose of the Company's Articles of Association, all senior management of the Company having the rank of vice president also carries the rank of deputy general manager.

## JOINT COMPANY SECRETARIES

**Mr. ZHANG Han (張涵)**, aged 38, was appointed as a joint company secretary of our Company on December 22, 2020. Mr. Zhang is also the vice president, chief financial officer and chief operating officer of our Company. For further details, please see the paragraphs headed "Directors, Supervisors and Senior Management — Senior Management" in this section.

**Ms. KWOK Siu Ying Sarah (郭兆瑩)**, aged 41, was appointed as a joint company secretary of our Company on March 24, 2022. Ms. Kwok is currently a manager of corporate services of Vistra Corporate Services (HK) Limited. She has over nine years of experience in the corporate services industry.

Ms. Kwok obtained a bachelor's degree in Business Studies from University College Dublin, National University of Ireland in June 2012 and a master's degree in Corporate Governance from Hong Kong Metropolitan University (香港都會大學) (formerly known as The Open University of Hong Kong) in November 2017. She has been an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom since 2018. She is also an affiliate member of The Society of Trust and Estate Practitioners.

Ms. Kwok is currently the company secretary of NVC International Holdings Limited, a Main Board listed company in Hong Kong (stock code: 2222) and the joint company secretary of Shanghai Bio-heart Biological Technology Co., Ltd., a Main Board listed company in Hong Kong (stock code: 2185), Beauty Farm Medical and Health Industry Inc., a Main Board listed company in Hong Kong (stock code: 2373) and Black Sesame International Holding Limited, a Main Board listed company in Hong Kong (stock code: 2533).

## CHANGES IN DIRECTORS' INFORMATION

Save as disclosed herein, as at the date of this annual report, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

In addition, reference is made to the Company's announcement dated March 6, 2025 in connection to an regulatory announcement made by the Stock Exchange in connection with Mr. Guo Shaomu in his capacity as an independent non-executive director of another company listed on the Main Board of the Stock Exchange.

# Corporate Governance Report

The Board is pleased to present the corporate governance report for the Company for the year ended December 31, 2024.

## COMPANY'S CULTURE

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen.

Our vision is becoming an innovative medical device company that improves the accessibility of cutting-edge medical technologies and protects lives and health.

Our long-term business model is to redefine the standard of care, reduce mortality rates, and improve prognosis by continuously launching innovative medical devices.

Our strategy is to become the leader in the neuro-interventional medical device market in China.

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

More information about the Company's vision, mission and values is available on the sections headed "Report of Directors — Business Review", "Corporate Governance Report" and "Environmental, Social and Governance Report" of this annual report.

## CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Company has adopted the code provisions as set out in the CG Code as its own code to govern its corporate governance practices.

Except for code provision C.2.1 set out below, in the opinion of the Directors, the Company has complied with all the code provisions as set out in Part 2 of the CG Code during the Reporting Period.

# Corporate Governance Report (Continued)

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wang Guohui is the chairman of the Board and chief executive officer of the Company. With extensive experience in the medical devices industry and having served in the Company as the general manager since the very early stage of our Company, Mr. Wang is in charge of overall management of the Company. Despite the fact that the roles of our chairman of the Board and our chief executive officer are both performed by Mr. Wang which constitutes a deviation from code provision C.2.1 of the CG Code, the Board considers that vesting the roles of both chairman of the Board and chief executive officer all in Mr. Wang has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of the Company. The balance of power and authority is ensured by the operation of our Board, which comprises experienced and diverse individuals. The Board currently comprises three non-executive Directors and three independent non-executive Directors as compared to three executive Directors. Therefore, the Board possesses a strong independent element in its composition.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

## BOARD INDEPENDENCE

The Company recognizes that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board and that independent views. The Board currently comprises three independent non-executive Directors, being one-third of the Board and meeting the independence requirements under the Listing Rules. The Remuneration Committee, Audit Committee and Nomination Committee are all chaired by independent non-executive Directors. The remuneration of independent non-executive Directors are subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his appointment and annually.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances requires.

# Corporate Governance Report (Continued)

## DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors, Supervisors and the Company's senior management who, because of their office or employment, are likely to possess inside information in relation to Company or its securities.

Upon specific enquiry, all the Directors and Supervisors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

## BOARD OF DIRECTORS

As of the date of this annual report, the Board comprises three executive Directors, three non-executive Directors, and three independent non-executive Directors.

### Executive Directors

Mr. WANG Guohui *(Chairman, Chief executive officer)*
Ms. ZHANG Kun
Mr. WEI Jiawei *(Deputy general manager)*

### Non-executive Directors

Mr. DING Kui
Mr. CHEN Shaoxiong
Mr. CHEN Gang

### Independent Non-executive Directors

Mr. GUO Shaomu
Mr. FENG Xiangqian
Mr. GONG Ping

The biographical details of the current Directors are set out in the section headed "Directors, Supervisors and Senior Management" on pages 17 to 26 of this annual report. The Directors are appointed to the second session of the Board, which will be in session between November 8, 2023 to November 7, 2026. The tenure of each Director, beginning from the time when they first joined the Company as a Director, is also set out in the Directors' respective biographical details.

Save as disclosed in this annual report, there is no any relationship (including, financial, business, family or other material/relevant relationship(s)) between the Board members.

# Corporate Governance Report (Continued)

## CONFIRMATION OF INDEPENDENCE BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

During the Reporting period, the Board at all times met the requirements 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 one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

## APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive directors, non-executive directors and independent non-executive directors of the Company has entered into a service contract with the Company which contains provisions in relation to, among other things, compliance of relevant laws and regulations, observance of the Articles of Association and provisions on arbitration.

None of the Directors has or is proposed to have entered into any service contract with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

Pursuant to the Articles of Association, the Directors are elected and appointed by the Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The Company may, in accordance with the Articles of Association, by ordinary resolution remove any Director before the expiration of his/her term of office notwithstanding anything to the contrary in the Articles of Association or in any agreement between the Company and such Director.

Where vacancies on the Board exist, the Nomination Committee evaluates skills, knowledge and experience required by the Board, and identifies if there are any special requirements for the vacancy. The Nomination Committee identifies appropriate candidates and convenes Nomination Committee meeting to discuss and vote in respect of the nominated Directors and recommends candidates for Directors to the Board.

The Nomination Committee considers candidates with individual skills, experience and professional knowledge that can best assist and facilitate the effectiveness of the Board.

The Nomination Committee takes the policy on Board diversity of the Company into consideration when it considers the balance of composition of the Board as a whole.

# Corporate Governance Report (Continued)

The Company has a director nomination policy. When evaluating and determining the candidates of Directors, the Nomination Committee and the Board of Directors shall consider the following factors: personal characters; professional qualifications, skills, knowledge, and experience related to the Group's business and strategy; willing to devote sufficient time to fulfill the duties of the Directors and members of the special committees of the Board of Directors; whether their appointment is in compliance with the requirements of the Listing Rules (including the independence requirements of independent non-executive Directors); whether their appointment is in compliance with the Company's Board diversity policy and any measurable targets adopted by the Nomination Committee to diversify the members of the Board.

## RESPONSIBILITIES OF THE DIRECTORS

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference.

All Board committees are provided with sufficient resources to perform their duties. All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

## DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S LIABILITY INSURANCE

The Company has arranged appropriate insurance cover for Directors', Supervisors' and senior management's liabilities in respect of legal actions against Directors, Supervisors and senior management of the Company arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

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

# Corporate Governance Report (Continued)

During the Reporting Period, all Directors, namely Mr. WANG Guohui, Ms. ZHANG Kun, Mr. WEI Jiawei, Mr. DING Kui, Mr. CHEN Shaoxiong, Mr. CHEN Gang, Mr. GUO Shaomu, Mr. FENG Xiangqian and Mr. GONG Ping were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. All Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary. All Directors are encouraged to attend relevant training courses at the Company's expenses and required to submit a signed training records to the Company on an annual basis.

## BOARD COMMITTEES

We have established an Audit Committee, a Remuneration Committee, a Nomination Committee and a Strategy Committee on our Board. The committees operate in accordance with the terms of reference established by our Board. The terms of reference of each of these committees are available on the websites of the Company and the Stock Exchange.

### Audit Committee

Our Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph A.2 and paragraph D.3 of the CG Code. The Audit Committee consists of one non-executive Director, Mr. DING Kui, and two independent non-executive Directors, Mr. GONG Ping and Mr. FENG Xiangqian. The chairman of the Audit Committee is Mr. GONG Ping who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

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

During the Reporting Period, three Audit Committee meetings were held. The attendance record of the committee members is set out in the paragraphs headed "Board Meetings, Committee Meetings and General Meetings" in this section. The following is a summary of work performed by the Audit Committee during the Reporting Period:

- reviewed the annual results announcement and annual report of the Group for the year ended December 31, 2023, the interim results announcement and interim report of the Group for the six months ended 30 June 2024;

- reviewed the scope of audit and appointment of auditors and discussed matters with respect to the Group's financial and accounting policies and practices and internal control with senior management members of the Company; and

- reviewed the risk management, internal control and compliance systems and the effectiveness of internal audit function and discussed with the management team and internal audit on their findings.

The Audit Committee also met three times with Ernst & Young, the external auditors of the Company during the Reporting Period. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters.

# Corporate Governance Report (Continued)

### Remuneration Committee

Our Company has established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code. The Remuneration Committee consists of one executive Director, Mr. Wang, and two independent non-executive Directors, Mr. GUO Shaomu and Mr. GONG Ping. Mr. GUO Shaomu is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) presenting recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for development policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving, if appropriate, performance-based remuneration by reference to corporate goals and objects resolved by our Board on a regular basis.

During the Reporting Period, one Remuneration Committee meeting was held. The attendance record of the committee members is set out in the paragraphs headed "Board Meetings, Committee Meetings And General Meetings" in this section. The following is a summary of work performed by the Remuneration Committee during the Reporting Period:

- reviewed and made recommendations to the Board on the remuneration package of the Directors and senior managements, including salary and share incentive scheme;

- reviewed and made recommendations to the Board on the Company's policy and structure for the remuneration of the Directors and senior management; and

- reviewed the performance of duties of Directors and senior management of the Company and conduct annual performance appraisals on them.

Details of the Directors' and Supervisors' remuneration for the Reporting Period are set out in Note 9 to the financial statements.

# Corporate Governance Report (Continued)

The remuneration of the members of senior management (including three Directors) of the Group by band for the Reporting Period is set out below:

| REMUNERATION BANDS (RMB) | NUMBER OF SENIOR MANAGEMENT |
|---|---|
| 2,000,000–2,500,000 | 2 |
| 1,500,000–2,000,000 | 2 |
| 1,000,000–1,500,000 | 1 |
| **TOTAL** | 5 |

## Nomination Committee

Our Company has established a nomination committee with written terms of reference in compliance with Rule 3.27 of the Listing Rules and paragraph B.3 of the CG Code. During the Reporting Period, the Nomination Committee consists of one executive Director, Mr. Wang, and two independent non-executive Directors, Mr. GUO Shaomu and Mr. FENG Xiangqian. Mr. Feng is the chairman of the Nomination Committee. On March 27, 2025, Mr. Wang ceased to be a member of the Nomination Committee and the vacancy was filled by Ms. ZHANG Kun, an executive director of the Company.

The primary functions of the Nomination Committee include, without limitation, reviewing the structure, size and composition of our Board, assessing the independence of our independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors.

During the Reporting Period, one Nomination Committee meeting was held. The attendance record of the committee members is set out in the paragraphs headed "Board Meetings, Committee Meetings And General Meetings" in this section. The following is a summary of work performed by the Nomination Committee during the Reporting Period:

- assessed the independence of the independent non-executive Directors;
- considered and/or made recommendations to the Board on the election of a director, select and recommend candidates for directorship;
- nominated members to the Strategy Committee to the Board; and
- reviewed the structure, size and composition of the Board.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

# Corporate Governance Report (Continued)

### Strategy Committee

Our Company has established a strategy committee on August 30, 2024 with written terms of reference. The Strategy Committee consists of two executive Directors, Mr. WANG Guohui and Ms. ZHANG Kun, and two non-executive Directors, Mr. Ding Kui and Mr. CHEN Gang. Mr. Wang is the chairman and convener of the Strategy Committee. The primary functions of the Strategy Committee include, without limitation, reviewing the business plans formulated by the Company's operating decision-making committee, reviewing the major investment plans formulated by the Company's operating decision-making committee, reviewing the organisational structure and institutional setup of the Company's management, proposing plans for the Company's equity and bond financing, proposing plans for the Company's profit distribution and loss compensation and give advices to the Board.

During the Reporting Period, one Strategy Committee meeting was held. The attendance record of the committee members is set out in the paragraphs headed "Board Meetings, Committee Meetings And General Meetings" in this section. The following is a summary of work performed by the Strategy Committee during the Reporting Period:

- reviewed the plans formulated by the Company's operating decision-making committee and make recommendations to the Board;
- reviewed the major investment plans formulated by the Company's operating decision-making committee and make recommendations to the Board; and
- reviewed the organisational structure and institutional setup of the Company's management.

## NOMINATION POLICY

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.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence (for appointment of independent non-executive Directors), and Board diversity aspects, where appropriate, before making recommendation to the Board.

## BOARD DIVERSITY POLICY

Pursuant to Rule 13.92 of the Listing Rules, the Nomination Committee (or the Board) shall have a policy concerning diversity of board members, and shall disclose the policy on diversity or a summary of the policy in the corporate governance report.

The Board has adopted a board diversity policy in order to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background and professional experience that the Nomination Committee may consider relevant from time to time towards achieving a diversified Board. The board diversity policy will be reviewed by the Nomination Committee annually.

# Corporate Governance Report (Continued)

As at the date of this annual report, our Board consists of eight male members and one female member with two Directors of age 31 to 40 years old, five Directors of age 41 to 50 years old and two Directors who are over 50 years old. Our Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

The Board targets to maintain at least the current level of female representation and will continue to take steps to promote gender diversity at the Board of our Company. Going forward, we will strive to achieve gender balance of the Board through certain measures to be implemented by our Nomination Committee in accordance with our board diversity policy. To further ensure gender diversity of our Board in a long run, our Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our Nomination Committee periodically in order to develop a pipeline of potential successors to our Board to promote gender diversity of our Board.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to overall management and strategic development, finance and accounting, as well as relevant professional experiences relevant to the Group's operations. The diverse skills of different Director's serves and complements the Company's purpose, values, strategies and desired culture, promoting business and operational growth of the Group, as well as good corporate governance and development of the Group. The Company has three independent non-executive Directors with different industry backgrounds, representing one third of the members of the Board. Further details on the biographies and experience of the Directors are set out on pages 17 to 26 of this annual report.

## WORKFORCE DIVERSITY

The male to female gender ratio in the workforce (including senior management) for Reporting Period is 32:68. The total gender diversity of the Group is acceptable and the Group will strive to continue maintaining a gender diverse workforce. For further details of gender ratio, please refer to the disclosure in the section headed "Environmental, Social and Governance Report" of this annual report.

## KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) an employment contract, (ii) a confidentiality agreement, and (iii) a non-competition agreement with our senior management members and other key personnel. Below sets forth the key terms of these contracts we entered into with our senior management members and other key personnel.

### Confidentiality

*Scope of confidential information*. The employee shall keep the following information confidential:

(a) any proprietary information of our Company, including, but not limited to: trade secret, experimental and clinical data, business plan and market information, client and financial information etc.;

(b) any information obtained or to be obtained by our Company which is owned by third parties for which the Company owes a duty of confidentiality to such third party.

# Corporate Governance Report (Continued)

*Confidential obligation.* The employee shall not leak, publish or otherwise make available to any third party (including employees who are not privy to such trade secrets) any aforesaid information of our Company or our Company's customers in any manner and shall not utilize aforesaid information beyond his/her scope of work. The employee must return to our Company all documents, drawings, records, work-related equipment as and when required by our Company.

*Confidential period*. The confidentiality obligation shall continue in force after the cessation of the employee's employment with our Company, until the confidential information becomes available in the public domain and is known to the public.

### Non-competition covenants

*Non-competition obligation during employment term*. During the term of the employment with our Company, unless with our prior consent, the employee shall not engage in any business or engage in a course of employment that develops, produces, or sells products or provides service that are the same or similar to those offered by the Group.

*Non-competition obligation upon expiry of employment term*. Upon the date of termination or expiration of the employment contract, the employee shall not serve in any capacity at any company which is engaged in the business, or the manufacturing of any product, that is similar to that of the Group, for two years commencing from the date of termination or expiration of the employment contract, subject to applicable laws and regulations.

*Compensation for breach*. If the employee breaches the obligations under the confidentiality agreement, our Group shall be entitled to seek damages for all economic losses arising from such breach; if the employee breaches the obligations under the non-competition agreement, our Group shall be entitled to a certain liquidated sum determined with reference to the economic and commercial losses suffered by our Group and the non-competition compensation originally payable to the employee.

## CORPORATE GOVERNANCE FUNCTION

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

The Board had reviewed:

- the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements;
- code of conduct and compliance manual (if any) applicable to employees and Directors;
- the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- training and continuous professional development of Directors and senior management relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

# Corporate Governance Report (Continued)

## BOARD MEETINGS, COMMITTEE MEETINGS AND GENERAL MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Both the Nomination Committee and the Remuneration Committee shall meet at least once every year; and the Audit Committee shall meet at least twice a year. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or committee members at least three days before the intended date of the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the board or the committee members prior to the meeting. Minutes of meetings are kept by the Joint Company Secretaries with copies circulated to relevant Board or Board Committee for comments and records.

Minutes of the Board meetings and committee meetings are recorded in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Board or committee members and dissenting views expressed. Draft minutes of each Board meeting and committee meeting are sent to the relevant board or committee members for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by Directors.

During the Reporting Period, four Board meetings; three Audit Committee meetings, one Remuneration Committee meeting, one Nomination Committee meeting and one Strategy Committee meeting were held. The Company expects to continue to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code.

# Corporate Governance Report (Continued)

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

| | Number of meeting(s) attended/number of meeting(s) held during the year ended December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| **Name of Director** | **Board** | **Audit Committee** | **Remuneration Committee** | **Nomination Committee** | **Strategy Committee** | **General** |
| **Executive Directors:** | | | | | | |
| Mr. WANG Guohui | 4/4 | N/A | 1/1 | 1/1 | 1/1 | 2/2 |
| Ms. ZHANG Kun | 4/4 | N/A | N/A | N/A | 1/1 | 2/2 |
| Mr. WEI Jiawei | 4/4 | N/A | N/A | N/A | N/A | 2/2 |
| **Non-executive Directors:** | | | | | | |
| Mr. DING Kui | 4/4 | 3/3 | N/A | N/A | 1/1 | 2/2 |
| Mr. CHEN Shaoxiong | 4/4 | N/A | N/A | N/A | N/A | 2/2 |
| Mr. CHEN Gang | 3/4 | N/A | N/A | N/A | 1/1 | 2/2 |
| **Independent Non-executive Directors:** | | | | | | |
| Mr. GUO Shaomu | 4/4 | N/A | 1/1 | 1/1 | N/A | 2/2 |
| Mr. FENG Xiangqian | 4/4 | 3/3 | N/A | 1/1 | N/A | 2/2 |
| Mr. GONG Ping | 4/4 | 3/3 | 1/1 | N/A | N/A | 2/2 |

During the Reporting Period, the Company convened one annual general meeting on May 20, 2024 and one extraordinary general meeting on November 7, 2024. For details, please refer to the Company's prior announcements.

During the Reporting Period, the Chairman held two meetings with independent non-executive directors without presence of other directors.

## DISSEMINATION OF INSIDE INFORMATION

The Group regulates the handling and dissemination of inside information according to internal procedures and policy so as to ensure inside information remains confidential until the disclosure and publication of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. The Board is responsible for approving the policy on disclosure of inside information which aims at providing guiding principles, practices and procedures to assist employees and officers of the Group in (i) relaying inside information to the Board to enable it to make timely decisions on disclosure, if necessary; and (ii) communicating with the Group's stakeholders, in ways which are in compliance with the SFO and the Listing Rules.

## DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the Reporting Period in accordance with statutory requirements and applicable accounting standards.

# Corporate Governance Report (Continued)

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

## AUDITOR'S RESPONSIBILITY AND REMUNERATION

The Company appointed Ernst & Young, Certified Public Accountants and Registered Public Interest Entity Auditor as the auditors for the Reporting Period. A statement by Ernst & Young about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 109 to 114 of this annual report.

Audit fees of the Group for the Reporting Period payable to the external auditors were approximately RMB2.7 million. No fees were payable to the external auditors or their affiliates for any non-audit services.

Details of the fees paid or payable to the Company's auditors, in respect of the audit services for the Reporting Period are set out in the table below:

| Services rendered for the Company | RMB'000 |
|---|---|
| **Audit services:** | |
| Annual audit service | 2,700 |
| **Total** | **2,700** |

## JOINT COMPANY SECRETARIES

The Company engaged Ms. KWOK Siu Ying, Sarah, the manager of Corporate Services of Vistra Corporate Services (HK) Limited (a company secretarial service provider), as a joint company secretary of the Company. Mr. ZHANG Han is another joint company secretary of the Company and is the primary corporate contact person of Ms. Kwok at the Company.

Mr. ZHANG Han and Ms. KWOK Siu Ying, Sarah have undertaken not less than 15 hours of relevant professional training to update their skills and knowledge for the Reporting Period.

## SHAREHOLDERS' RIGHTS

### Rights to Convene Extraordinary General Meeting

To safeguard Shareholders' interests and rights, the Shareholders are encouraged to participate at the general meetings of the Company and to vote thereat. An annual general meeting of the Company shall be held each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

# Corporate Governance Report (Continued)

The annual general meeting of the Company will provide a forum for the Board and the Shareholders to communicate. The Board will answer questions raised by Shareholders at the annual general meeting.

Pursuant to Article 66 of the Articles of Association, the general meeting shall be convened by the Board. If the Board is unable or fails to fulfill the obligation of convening the meetings of the general meeting, the Board of Supervisors shall convene such meetings. If the Board of Supervisors does not convene such meetings, any shareholders individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days may convene such meetings on their own.

### Procedures for Putting Forward a Proposal at the General Meeting

Pursuant to Article 50 and Article 74 of the Articles of Association, shareholders who individually or collectively hold more than 3% of the Company's shares shall have the rights to propose forward an interim proposal to the Company and submit them in writing to the Board 10 days prior to the general meeting.

### Procedures for a Shareholder of the Company to propose a person for election as a Director

Subject to the Articles of Association and the Company Law, the Directors shall be elected by the general meeting.

Article 126 of the Articles of Association provides that written notice concerning proposed nomination of a director candidate and indication of the candidate's intention to accept the nomination shall be sent to the Company seven (7) days before the shareholders' general meeting is convened. When calculating the time limit of the notice, the date of the meeting and the day on which the notice is given shall be excluded.

### Right to Put Enquiries to the Board

Shareholders and investors may send written enquiries or requests to the Company as follows:

Address:
Building 38
No. 356, Zhengbo Road
Lingang New District
Pilot Free Trade Zone
Shanghai
PRC
Attention: Mr. ZHANG Han
Email: ir@heartcare.com.cn

Enquiries will be dealt with in a timely and informative manner.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

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

# Corporate Governance Report (Continued)

The Company adopted the shareholders communication policy, which set out the framework the Company has put in place to promote effective communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner. The shareholders communication policy will be reviewed on a regular basis by the Board.

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include (i) the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the Company's website and the Stock Exchange's website; (iv) the Company's website offering communication channel between the Company and its stakeholders; (v) the Company's H share registrar in Hong Kong serving the Shareholders in respect of all share registration matters; and (vi) convening investor meeting and/or analyst briefings, which led by our executive Directors and investor relations team with existing and potential investors.

The Company held its annual general meeting on May 20, 2024. Shareholders representing 20,850,413 Shares, including their proxies or representatives attended the annual general meeting and shares voted is approximately 53.69% of the total issued shares of the Company. All resolutions proposed at the annual general meeting were passed.

The Company also held one extraordinary general meeting and two class meetings on November 7, 2024. Shareholders representing 22,075,070 Shares, including their proxies or representatives attended the extraordinary general meeting and shares voted is 56.84% of the total issued shares of the Company. All resolutions proposed at the extraordinary general meeting were passed.

Having considered the multiple channels of communication and shareholders engagement in the general meeting held during the year, the Board is satisfied that the shareholders communication policy has been properly implemented during 2024 and is effective.

## DIVIDEND POLICY

We currently expect to retain all future earnings for use in the operation and expansion of our business, and do not have any dividend policy to declare or any dividends to pay in the near future.

The declaration and payment of any dividends in the future will be determined by the Board and subject to the Articles of Association and the PRC Company Law, and will depend on a number of factors, including the successful commercialization of the pipeline products of the Company as well as the Group's earnings, capital requirements, overall financial condition and contractual restrictions. No dividend shall be declared or payable except out of profits and reserves lawfully available for distribution. As confirmed by the Company's legal advisor as to PRC law, according to PRC Law, any future net profit that the Company make will have to be first applied to make up for our historically accumulated losses, after which the Company will be obliged to allocate 10% of the net profit to statutory common reserve fund until such fund has reached more than 50% of the registered capital. The Company will therefore only be able to declare dividends after (i) all historically accumulated losses have been made up for; and (ii) sufficient net profit has been allocated to the statutory common reserve fund as described above.

# Corporate Governance Report (Continued)

## CONSTITUTIONAL DOCUMENTS

The amended and restated Articles of Association took effect from November 7, 2024, and is available on the respective websites of the Stock Exchange and the Company.

On November 7, 2024, the Shareholders approved the adoption of an amended Articles of Association in connection with the Company's change of registered address, and in order to bring its Articles of Association to be in line with the relevant requirements of the applicable laws including but not limited to the Company Law of the PRC. The amendments enable the Company to carry out the offset of losses with its capital reserve.

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

## RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of the Board of Directors to ensure that the Group maintains sound and effective risk management and internal control systems, and make annual review on the effectiveness of such systems, in order to safeguard the Shareholders' investment and the Group's assets at all times. We have adopted a series of internal control policies and procedures designed to achieve effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control system include the following:

- We will comply with the CG Code. We have established four board committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee, with respective written terms of reference in compliance with the CG Code.

- Our internal audit department is responsible for identifying and assessing key risks on various aspects of our operations and supervising the rectification of internal control deficiencies. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, our internal audit department (i) gathers information about the risks relating to our operation or function; (ii) conducts risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect our objectives and establish a uniform risk assessment standard; (iii) continuously monitors the key risks relating to our operation or function; (iv) implements appropriate risk responses where necessary; and (v) develops and maintains an appropriate mechanism to facilitate the application of our risk management framework.

- We have adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions, notifiable transactions, inside information and securities transactions by the Directors.

- We have engaged a PRC law firm to advise us on and keep us abreast with PRC laws and regulations. We will continue to arrange various training to be provided by external legal advisors from time to time when necessary and/or any appropriate accredited institution to update our Directors, supervisors, senior management and relevant employees on the latest applicable laws and regulations.

# Corporate Governance Report (Continued)

- We have provided and will provide regular anti-corruption and anti-bribery compliance training for our Directors, senior management and sales employees in order to enhance their knowledge and compliance of applicable laws and regulations.

During the Reporting Period, our internal audit department conduced an annual review on the effectiveness of our internal controls associated with our major business processes, identified deficiencies and improvement opportunities, provided recommendations on remedial actions and reviewed the implementation status of these remedial actions. As a result, we have not identified any material deficiencies in our internal control system. Our Directors are of the view that our enhanced internal control system is adequate and effective for our current operations. For the year ended December 31, 2024, the Company was not subject to any government investigation or litigation with respect to claims or allegations of monetary and non-monetary bribery activities, and to the best knowledge of the Directors, none of our employees were involved in any bribery or kickback arrangements.

## Anti-corruption Policy

The Company does not tolerate any form of bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Company adopts the anti-corruption policy in assisting the employees in recognising circumstances which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance if necessary.

The anti-corruption policy will be reviewed on a regular basis, any convicted cases will be reported to the Board.

## Whistleblowing Policy

The Company expects and encourages employees of the Group and those who deal with the Group (e.g. suppliers, customers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice concerning the Group. The Company adopts the whistleblowing policy to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them in the formal system.

The whistleblowing policy will be reviewed on a regular basis, any suspected cases will be reported to the Board.

# Environmental, Social and Governance Report

## 1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

### 1.1 ESG REPORT

*1.1.1 Company Profile*

Shanghai HeartCare Medical Technology Corporation Limited (the "Group", "we"/"us"/"our", "HeartCare Medical") is an innovative medical device company committed to improving the accessibility of innovative medical technologies and protecting lives and health. In just eight years, HeartCare Medical has pioneered the first one-stop solution for stroke treatment and prevention in China in the field of neurointervention, creating a full product pipeline from acute ischemic stroke, neurovascular stenosis treatment, hemorrhagic stroke treatment and ischemic stroke prevention to interventional access equipment.

Leveraging our advantages in R&D, manufacturing and commercialization, we strive to fulfill the unmet needs of clinicians and patients in the fields with tremendous opportunities, redefine the standard of care, reduce mortality rate, and improve prognosis by continuously launching innovative medical devices.

*1.1.2 Report Preparation Principles*

The key performance indicators (KPIs) in this Environmental, Social and Governance Report (this "Report") are prepared with reference to the relevant calculation standards and methodologies provided in the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in the appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The contents of this Report have been defined and disclosed based on the principles of materiality, quantitative, balance and consistency. This Report has adopted the calculation methods and reporting coverage consistent with the annual report, and has avoided selections, omissions or presentation formats that may inappropriately influence readers' decisions or judgments.

The Board of Directors of the Group seeks to incorporate the practice of the concept of sustainable development into the daily operations of the Group, so that the overall strategic direction of the Group is consistent with the sustainable development goals, and continues to improve the performance of the Group in ESG matters.

*1.1.3 Reporting Coverage*

This Report summarizes the Group's annual performance in environmental, social and governance aspects, so that all stakeholders can better understand the Group's sustainable development philosophy, management methods, measures and related performance. This Report clarifies the principles that the Group upholds in fulfilling our corporate social responsibility, and sets forth the Group's vision and commitment to corporate social responsibility. The ESG report covers the Company and each of its subsidiaries and branches. This Report covers a period from January 1, 2024 to December 31, 2024 ("this year", "FY2024", the "Reporting Period").

# Environmental, Social and Governance Report (Continued)

*1.1.4 Mission and Vision*

The corporate vision of the Group is "becoming an innovative medical device company that improves the accessibility of cutting-edge medical technologies and protects lives and health". The Group researches, develops and manufactures innovative medical device products in response to unmet medical needs in China, aiming to define new treatment standards, significantly reduce disease mortality rate and improve prognosis. With the first domestic one stop solution for stroke treatment and prevention, the Group aims to become a leader in China's neuro-interventional market and provide domestic medical workers with innovative devices with reliable quality, stable supply and more cost-effectiveness, so as to improve the popularity of neuro-interventional surgery, save more patients and fulfill the Group's corporate responsibility of giving back to the society.

As a public company, the Group will more actively promote the sustainable development of the Group in environmental protection, social and corporate governance while developing our business. The Board of Directors of the Group seeks to integrate the concept of sustainable development into daily operations of the Group, so as to align the overall strategic direction of the Group with our sustainable development objectives. The Board of Directors of the Group assumes the final responsibility for the ESG strategy and management of HeartCare Medical. Moreover, the Board of Directors will to a bigger extent participate in and supervise ESG-related matters, perfect the ESG governance architecture and management mechanism without cease, and actively propel the organic fusion between the ESG concept and the corporate development. In the future, the Board of Directors of the Group will continue to eye the ESG development trend and performance records of peers, assess related risks and opportunities, and update the management outline and strategy to ensure the ESG-related work will advance with the time. The Group will define annual ESG management objectives and corresponding implementation measures covering the utilization of resources, health, safety and aspects, regularly review the progress of related objectives and provide suggestions to promote the fulfillment of these objectives.

## 1.2 GROUP HONORS AND STAKEHOLDERS

*1.2.1 Corporate Honor Overview*

The Group has been selected as one of the "Shanghai Key Service Unicorn (Potential) Enterprises List" for two consecutive years in 2024, following the year of 2023. A total of 156 enterprises were selected for this list, unicorn enterprises as the representatives of the new economy and new energy, play an important role in promoting the high quality development of the economy, and the award of HeartCare Medical is a recognition of its status as a high-growth innovative enterprise.

# Environmental, Social and Governance Report (Continued)

Furthermore, the Group was awarded the First Prize in the Project Category at the 12th China Technology Market Association Golden Bridge Awards by the National Office for Science and Technology Awards, recognized as a National High-Tech Enterprise by the Ministry of Science and Technology, and granted the titles of Lingang Smart Factory and Lingang New Area Industry-Education Integration Practice Base by the Lingang Management Committee. In 2024, the group passed the evaluation and review by the Shanghai Municipal Commission of Economy and Informatization, earning the designation of "Shanghai Municipal Enterprise Technology Center". This certification affirms HeartCare Medical's comprehensive strengths in innovation efficiency, technological accumulation, competitive advantages, and intellectual property. Moving forward, HeartCare Medical will continue to strengthen core technology research and development, break through key industry common technologies, and contribute to the long-term development of Shanghai's biopharmaceutical industry.


The Group's wholly-owned subsidiaries, Weiming Medical, Weiqi Medical, and Weilang Medical, and Nanjing SealMed Medical, have all been recognized as National Science and Technology-based SMEs, with Weiming Medical additionally receiving the title of National High-Tech Enterprise. Nanjing SealMed Medical has been awarded the titles of Jiangsu Province Specialized and Sophisticated SME, Jiangsu Province Innovative Enterprise, Jiangbei New District Science and Technology R&D Enterprise, and Lingque Enterprise (One Star).


# Environmental, Social and Governance Report (Continued)

During the Reporting Period, the technologies and products developed by the Group received multiple accolades. The neurointerventional microguidewire/intracranial aneurysm embolization assist stent was included in the 'Shanghai Biopharmaceutical "New and Excellent Medical Devices" Product Catalog (Fourth Batch)' by the Shanghai Municipal Science and Technology Commission. Additionally, the embolization coil system/occlusion hemostasis system and the fibered embolization coil were selected for the Nanjing Medical Insurance Bureau's Nanjing Medical Insurance Innovation Product Catalog. These achievements further solidify the Group's development position in the biopharmaceutical field.

### *1.2.2 Stakeholder Engagement*

The Group believes that maintaining communication with stakeholders is an important part of the Group's sustainable development. Stakeholders of the Group include shareholders/investors, customers, employees, suppliers as well as partners, governments and regulators, and the community and the public. The Group actively maintains communication with various stakeholders through various channels, and keeps abreast of their opinions and expectations on the Group's sustainable development performance.

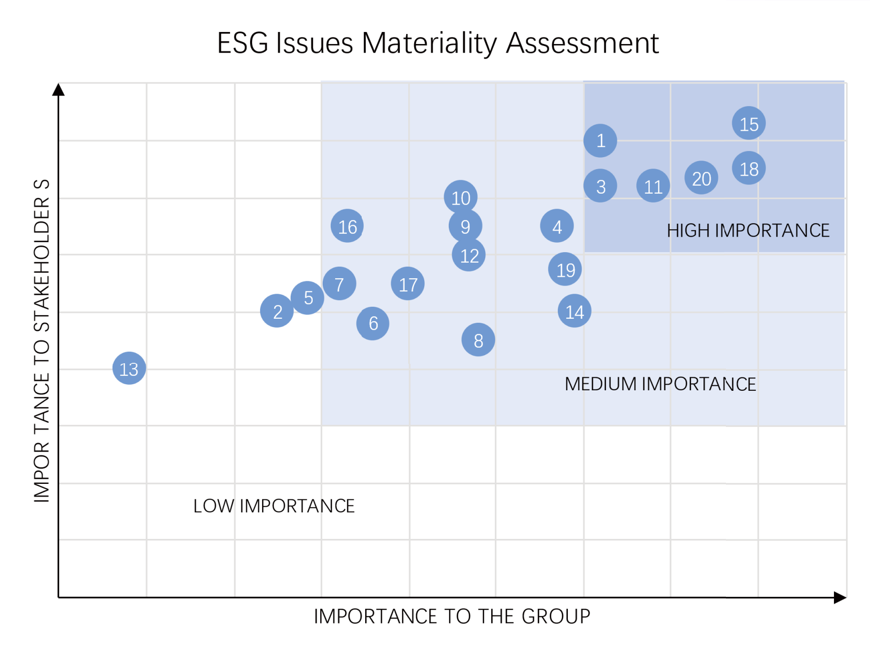
| Stakeholders | Expectations and Requirements | Ways of Communication |
|---|---|---|
| Shareholders/Investors | ESG Governance<br>Corporate Governance<br>Compliance Operations | Shareholders' Meeting<br>Public Information Disclosure<br>Investors Communication |
| Customers | Quality<br>Service and Stable Supply<br>Price<br>Innovation and R&D | Academic Exchange<br>Customer Visit<br>Market Research |
| Employees | Health and Safety<br>Interest Protection<br>Personal Development<br>Diversity and Equality | Internal Communication<br>Group System Release<br>Employee Training |
| Suppliers and Partners | Supply Chain Management<br>Sustainability Development<br>Win-win Cooperation | Suppliers Evaluation<br>Suppliers Communication |
| Government and Regulators | Compliance Operations<br>Safe Production<br>Environmental Protection | Policy Implementation<br>Information Disclosure<br>Exchanges and visits |
| Community and General Public | Public Benefits<br>Employment<br>Environmental Protection | Charitable Activities<br>Company Information Disclosure<br>Media |

# Environmental, Social and Governance Report (Continued)

*1.2.3 Materiality Assessment*

Based on the environmental and social aspects set out in the ESG Reporting Guide, market surveys, benchmarking with peers, information gathered from stakeholders in previous years and an assessment of business materiality, the Group has created a list of ESG-related issues and a materiality matrix for the year to understand and demonstrate areas of high importance to stakeholders and the Group, and to emphasize relevant issues in the Group's ESG The Group has established a list of ESG-related issues and a materiality matrix for the year to understand and demonstrate areas of high importance to stakeholders and the Group, and to emphasize relevant issues in the Group's ESG decisions.

| Environmental | | Social | | Governance | |
|---|---|---|---|---|---|
| 1 | Emission | 8 | Human Resource Management | 18 | Anti-Corruption and Anti-Money Laundering |
| 2 | Greenhouse Gas Emission | 9 | Employment and Compensation Policy | 19 | Intellectual Property Management |
| 3 | Waste Management | 10 | Employees Equal Opportunity | 20 | Corporate Governance And Risk Management |
| 4 | Energy Consumption | 11 | Employee Health and Workplace Safety | | |
| 5 | Water Consumption | 12 | Employee Development and Training | | |
| 6 | Packaging Material | 13 | Prevention Of Child Labor and Forced Labor | | |
| 7 | Environmental Risk Management | 14 | Supplier Management | | |
| | | 15 | Product Quality and Customer Satisfaction | | |
| | | 16 | Customer Protection | | |
| | | 17 | Community Investment | | |



# Environmental, Social and Governance Report (Continued)

## 2 CORPORATE ENVIRONMENTAL PERFORMANCE

### 2.1 EMISSION

The Group strictly complies with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Air Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution, the Law of the People's Republic of China on Prevention and Control of Noise Pollution, the Comprehensive Emission Standard for Air Pollutants, the Law of the People's Republic of China on Energy Conservation, the Comprehensive Wastewater Emission Standard for Comprehensive Sewage Emission (DB31/199–2018), Standard for Pollution Control of Hazardous Waste Storage (GB18597–2023), Shanghai Municipal Domestic Waste Management Ordinance, Shanghai Energy Conservation Ordinance and other relevant laws, regulations, standards and local environmental protection management measures to ensure that the enterprise's operation meets the requirements of the national and local environmental protection. We uphold the concept of green development, further optimize the efficiency of resource utilization, control pollution emission, explore more innovative measures for sustainable development, and contribute to the realization of a win-win situation between environmental protection and economic development.

*2.1.1 Emission Management*

Air Emission

In terms of corporate emissions, the Group's emissions are mainly from the operation of vehicles owned by the Group, and no greenhouse gases are emitted directly from our production process. The Group further minimizes its environmental impact by strictly managing the use of vehicles.

The emissions from the combustion of fossil fuels in the Group's operations mainly include nitrogen oxides ($NO_x$), sulphur oxides ($SO_x$) and suspended particulate matter (PM) The Group emitted a total of approximately 34.5 kilograms of emissions in FY2024, with an emission intensity of approximately 12.4 kilograms/RMB100 million of revenue, a decrease in emission intensity of approximately 2% as compared with FY2023 Emissions and intensity by type of emissions in FY2024 are as follows Emissions and intensity of the Group by type of emissions for FY2024 are shown in the table below:

| Type of Emission[1] | Unit | 2024 | 2023 |
|---|---|---|---|
| Nitrogen oxides ($NO_x$) | kg | **31.5** | 27.0 |
| | *Intensity*[2] *(kg/RMB100 million of revenue)* | **11.3** | 11.6 |
| Sulphur oxides ($SO_x$) | kg[3] | **0.0** | 0.1 |
| | *Intensity*[2, 3] *(kg/RMB100 million of revenue)* | **0.0** | 0.0 |
| Suspended particulate matter (PM) | kg | **3.0** | 2.6 |
| | *Intensity*[2] *(kg/RMB100 million of revenue)* | **1.1** | 1.1 |
| Total Emission | kg | **34.5** | 29.7 |
| | *Intensity*[2] *(kg/RMB100 million of revenue)* | **12.4** | 12.7 |

# Environmental, Social and Governance Report (Continued)

*Notes:*

1. The calculation of vehicle emissions is based on the emission coefficients set out in "How to Prepare an Environmental, Social and Governance Report — Appendix II: Guidance on Reporting of Environmental Key Performance Indicators" issued by the Stock Exchange of Hong Kong Limited.
2. The data intensity calculations in this report are based on the Group's total annual revenue. During the Reporting Period, the Group's total revenue amounted to approximately RMB277,899,000 (2023: RMB232,344,000).
3. The sulfur oxides ($SO_x$) emissions in 2024 amounted to 0.047 kilograms, with an emission intensity of 0.017 kilograms per RMB 100 million in revenue. The reported values for both the emissions and emission intensity are presented as 0.0 due to rounding in accordance with the standardized reporting format.

## GHG Emission

The Group's direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions were mainly from the operation of vehicles owned by the Group and the use of resources such as electricity. In FY2024, the Group emitted a total of approximately 1,830.0 tons of carbon dioxide equivalent ("$tCO_2e$") of GHG, with an emission intensity of approximately 658.5 tons of $tCO_2e$/RMB100 million of revenue. Compared with FY2023, the Group's energy conservation measures in FY2024 were in good progress, with a significant decrease in energy indirect (Scope 2) GHG and a total decrease of approximately 40% in total GHG emission intensity.

In FY2024, the Group's emissions by type and source of greenhouse gases are summarized in the table below:

| GHG Emission[1] | Unit | 2024 | 2023 |
|---|---|---|---|
| Direct (Scope 1) GHG Emission | $tCO_2e$ | **12.4** | 7.4 |
| | *Intensity ($tCO_2e$/RMB100 million of revenue)* | **4.5** | 3.2 |
| Energy Indirect (Scope 2) GHG Emission | $tCO_2e$ | **1,817.6** | 2,522.6 |
| | *Intensity ($tCO_2e$/RMB100 million of revenue)* | **654.1** | 1,085.9 |
| **Total GHG Emission** | $tCO_2e$ | **1,830.0** | 2,530.0 |
| ***Total GHG Emission Intensity*** | *Intensity ($tCO_2e$/RMB100 million of revenue)* | **658.5** | 1,089.1 |

*Note:*

1. The GHG emissions data are reported in $CO_2$ equivalent and are based on the following standards including but not limited to the "Greenhouse Gas Inventory Protocol — Corporate Accounting and Reporting Standard" published by the World Resources Institute and the World Business Council for Sustainable Development, the "Guidelines for the Preparation of Environmental, Social and Governance Reports — Appendix 2: Environmental KPIs Reporting Guidelines" published by the Stock Exchange of Hong Kong Limited.

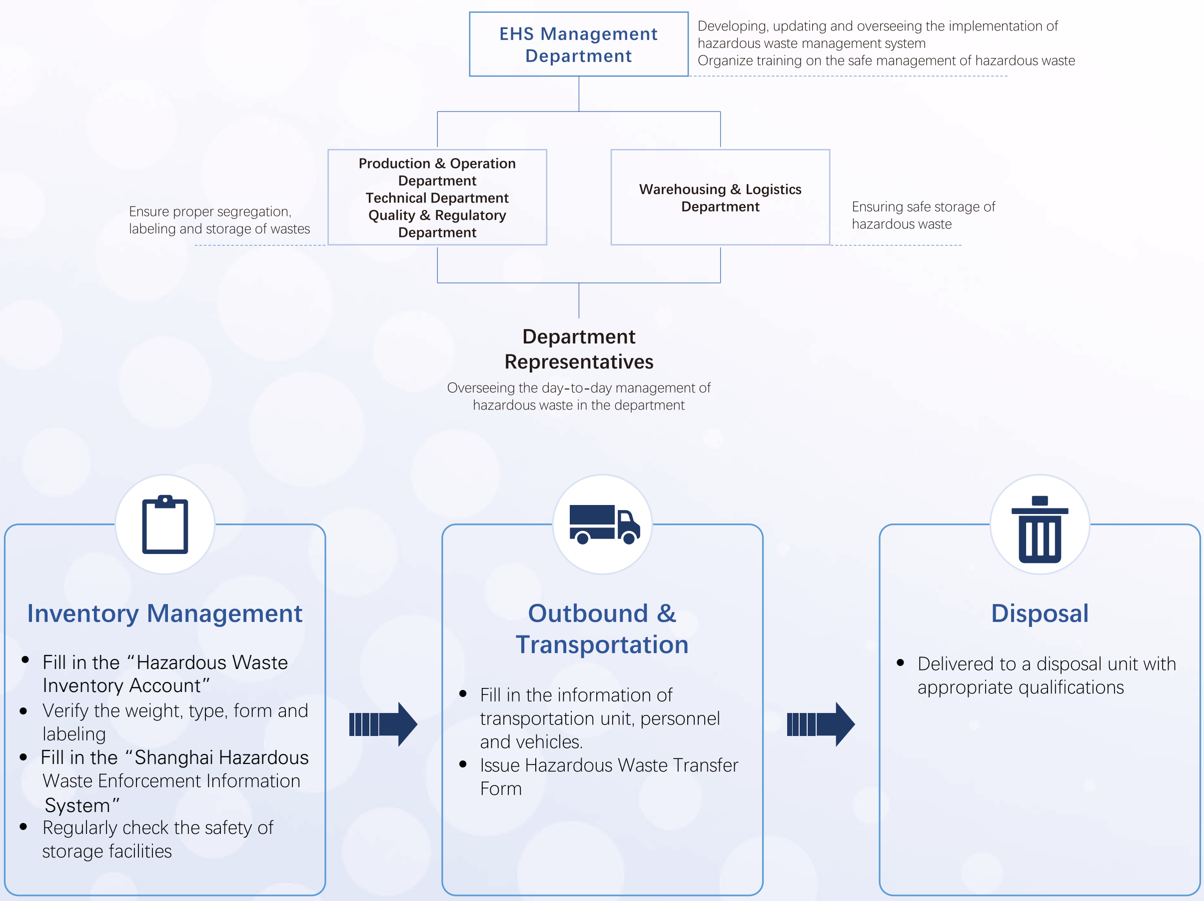
# Environmental, Social and Governance Report (Continued)

## Corporate Waste Water and Solid Waste

In FY2024, the Group further deepened its initiatives in waste management by continuing and optimizing the successful experience of FY2023, while introducing management strategies and technological tools to achieve higher environmental targets. The Group continued to refine its operations in the management of chemicals by further optimizing the calculation of daily usage of chemicals and the formulation of procurement plans through data-based tools, which significantly reduced the scrap rate of chemicals. Through enhanced staff training and process monitoring, we have ensured zero waste and zero scrap in the use of chemicals, which not only reduces safety risks, but also further raises the standard of environmental protection. For laboratory wastes and equipment cleaning wastes, the Group has introduced more efficient treatment technologies to ensure that the emissions fully comply with or even exceed national and local standards, minimizing the impact on the environment.

Our hazardous waste mainly comprises solid hazardous waste and liquid hazardous waste, which mainly comes from laboratory waste liquid, equipment cleaning waste liquid, chemical-contaminated packaging, gloves and rags, waste activated carbon and waste culture media. We have set up a "Hazardous Waste Management System" to ensure that the handling and disposal of hazardous waste are professionally handled in accordance with relevant national and local laws and regulations through a comprehensive management framework and system to ensure that the impact on the environment is minimized.

Hazardous Waste Management System



# Environmental, Social and Governance Report (Continued)

Non-hazardous waste mainly comes from paper, cardboard boxes, domestic garbage, production wastewater and domestic sewage. The Group further reduces its burden on the environment by strengthening waste separation management and resource utilization. For example, recyclable materials such as waste paper and cardboard boxes are classified and processed for recycling, while domestic garbage is placed and processed in strict accordance with the "Shanghai Municipal Domestic Waste Management Regulations".

Looking ahead, the Group will continue to uphold the concept of energy saving and waste reduction, further enhance the level of waste management and actively explore and apply more green technologies and innovative solutions.

The Group's waste emissions and emission intensity for FY2024 are set out in the table below:

| Type of Waste | Unit | 2024 | 2023 |
|---|---|---|---|
| **Hazardous waste** | | | |
| Used Dry Battery | Unit | **387** | 280 |
| | *Intensity (Unit/RMB100 million revenue)* | **139.3** | 120.5 |
| Hazardous Waste — Liquid | Ton | **4.8** | 3.2 |
| | *Intensity (Ton/RMB100 million revenue)* | **1.7** | 1.4 |
| Hazardous Waste — Solid | Ton | **6.2** | 4.3 |
| | *Intensity (Ton/RMB100 million revenue)* | **2.2** | 1.9 |
| **Non-Hazardous Waste** | | | |
| Office Paper | '000 sheets | **8.0** | 2.0 |
| | *Intensity ('000 sheets/RMB100 million revenue)* | **2.9** | 0.9 |
| Cardboard Box | Ton | **0.2** | 0.4 |
| | *Intensity (Ton/RMB100 million revenue)* | **0.1** | 0.2 |
| Domestic Waste | Ton | **2.5** | 4.0 |
| | *Intensity (Ton/RMB100 million revenue)* | **0.9** | 1.7 |
| Waste Packaging Materials[1] | Ton | **12.5** | – |
| | *Intensity (Ton/RMB100 million revenue)* | **4.5** | – |
| Plastic Waste[2] | kg | **10.0** | – |
| | *Intensity (kg/RMB100 million revenue)* | **3.6** | – |
| **Production Waste Water** | $m^3$ | **1,125** | 690.0 |
| **Production Waste Water Intensity** | *Intensity ($m^3$/RMB100 million revenue)* | **404.8** | 297.0 |
| **Domestic Waste Water** | $m^3$ | **2,792.0** | 2,100.0 |
| **Domestic Waste Water Intensity** | *Intensity ($m^3$/RMB100 million of revenue)* | **1,004.7** | 904.0 |

# Environmental, Social and Governance Report (Continued)

*Notes:*

1. In order to further improve data disclosure, data on Waste Packaging Materials were newly collected and disclosed during the year.

2. In order to further improve the data disclosure, data on Plastic Waste were newly collected and disclosed during the year.

### *2.1.2 Emission and Waste Reduction Measures and Targets*

#### Emission Reduction

The Group strictly complies with the Environmental Protection Law of the People's Republic of China, the Comprehensive Emission Standards for Air Pollutants and other relevant laws and regulations to ensure that emissions generated in the course of the production process are treated by highly efficient environmental protection facilities and then discharged in compliance with the standards. Specific measures include: for coating emissions, welding emissions, pharmaceutical spraying emissions and alcohol wiping emissions, the Group adopts activated carbon purification devices for adsorption and treatment, and discharges them into the air; for titration testing emissions, chromatography testing emissions and acid washing and polishing emissions, they are channeled into alkaline spray towers through a collection system for treatment and discharge into the air. In addition, the Group continues to commission professional testing organizations to monitor the emission of waste gas on a regular basis to ensure that the emission indexes always comply with the national standards and no incidents of exceeding the emission standards have occurred.

#### Waste Reduction

The Group strictly complies with the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution in the Environment, Shanghai Municipal Domestic Waste Management Regulations and other national and local laws and regulations on the management of pollutant discharge, and actively practices the concept of resource reuse. In order to reduce the generation of hazardous waste, the Group is equipped with an advanced reverse osmosis treatment system for the recovery of ultrasonic cleaning media after acid washing, which further enhances the efficiency of resource utilization. Meanwhile, the Group has established a comprehensive waste management system to clearly regulate the requirements for waste classification, recycling and reduction, and has encouraged its staff to reduce paper waste, rationalize the use of office supplies and promote the recycling and reuse of waste through internal promotion and incentive mechanisms.

In 2024, the Group further strengthened the monitoring mechanism for waste disposal and conducted real-time tracking of waste generation, separation and disposal processes through digital management tools to ensure the effective operation of various environmental protection measures. In addition, the Group has continued to optimize its waste reduction targets and explore more innovative technologies and methods to further reduce the amount of waste generated and enhance the recycling rate of resources, so as to ensure that the Group's business will be operated in a compliant manner and its sustainable development objectives will be achieved.

# Environmental, Social and Governance Report (Continued)

## 2.2 USE OF RESOURCES

The Group adheres to the concept of saving resources and energy, and is committed to reducing the consumption of energy and raw materials, and enhancing the rational use of energy by strengthening energy management so as to achieve efficient utilization of energy and resources. In FY2024, the Group will continue to optimize the production process, further promote the recycling of energy and resources, minimize wastage, and lay the foundation for the realization of the goal of green and sustainable development.

In terms of product packaging, the Group strictly controls the types and amount of packaging materials and prioritizes the use of recyclable and biodegradable environmentally friendly materials to minimize the impact on the environment. We continue to improve our packaging design to further reduce the consumption of packaging materials and actively explore innovative solutions to promote the recycling of packaging materials, contributing to the realization of the goal of green and sustainable development.

### *2.2.1 Resources Management*

#### Energy Consumption

In FY2024, the Group's energy consumption was mainly from daily operation and production activities, of which approximately 31.0 MWh of gasoline was consumed, which was mainly used for the daily use of our own vehicles, and approximately 2,929.3 MWh of electricity was consumed; compared with previous years, the Group reduced its consumption in terms of resource energy efficiency, and the total energy consumption density was reduced by approximately 22% as compared with that of last year. Through continuous improvement in technology and management measures, we have ensured steady improvement in energy efficiency and minimized resource wastage.

The Group's energy consumption by categories for FY2024 is shown in the table below:

| Type of Energy | Unit | 2024 | 2023 |
|---|---|---|---|
| **Direct Energy Consumption** | | | |
| Petrol Consumption[1] | MWh | **31.0** | 26.6 |
| | *MWh/RMB100 million revenue* | **11.2** | 11.4 |
| **Indirect Energy Consumption** | | | |
| Electricity Consumption | MWh | **2,929.3** | 3,135.0 |
| | *MWh/RMB100 million revenue* | **1,054.1** | 1,349.3 |
| **Total Energy Consumption** | MWh | **2,960.3** | 3,061.6 |
| **Total Energy Consumption Intensity** | *MWh/RMB100 million revenue* | **1,065.2** | 1,360.7 |

*Note:*

1. The unit conversion calculations are based on the conversion factors in "How to Prepare an Environmental, Social and Governance Report — Appendix 2: Guidance on Reporting Environmental Key Performance Indicators" issued by the Stock Exchange of Hong Kong Limited and the "Energy Statistics Manual" issued by the International Energy Agency (IEA).

# Environmental, Social and Governance Report (Continued)

### Water Consumption

The Group's water consumption was mainly derived from daily operations and production activities, which amounted to approximately 6,108.2 $m^3$ for the year, representing a decrease of approximately 34% as compared to last year. Although we have not faced any challenges in obtaining stable water sources, we are fully aware that water resources are precious, shared and limited natural resources. The Group has taken a series of proactive measures in water resource management, which not only effectively protects this important resource, but also brings significant operational benefits to the business, including lower operating costs and improved sustainability performance.

| Water Consumption | Unit | 2024 | 2023 |
|---|---|---|---|
| **Water Consumption** | $m^3$ | **6,108.2** | 9,186.7 |
| **Water Consumption Intensity** | $m^3$/RMB100 million revenue | **2,198.0** | 3,954.7 |

### Product Packaging

The Group attaches great importance to the environmental friendliness of its product packaging, strictly controls the types and amount of packaging materials, and prioritizes the use of recyclable and biodegradable environmentally friendly materials to minimize the impact on the environment. in FY2024, we further optimized the packaging design to reduce the consumption of packaging materials, and actively explored innovative solutions to promote the recycling of packaging materials. Through these initiatives, the Group has not only reduced resource wastage, but also set a benchmark for green packaging in the industry, helping to realize the goal of sustainable development.

| Product Packaging Material | Unit | 2024 | 2023 |
|---|---|---|---|
| Plastic | Ton | **2.4** | 1.3 |
| Paper | Ton | **24.0** | 7.0 |
| PE Foam[1] | Ton | **—** | 4.2 |
| **Packaging Material Consumption** | Ton | **26.4** | 12.5 |
| **Packaging Material Intensity** | Ton/RMB100 million revenue | **9.5** | 5.4 |

*Note:*

1. During the year, the Group ceased to use PE Foam as packaging material for its products.

# Environmental, Social and Governance Report (Continued)

*2.2.2 Energy Efficiency Targets and Measures*

The Group has established relevant systems in respect of energy management to continuously optimize the use of energy through management on a Group-wide basis and is committed to enhancing the efficiency in the use of resources. We strictly comply with the Energy Conservation Law of the People's Republic of China, the Shanghai Energy Conservation Regulations and other relevant laws and regulations, and continue to explore innovative management methods to further improve energy efficiency. In order to strengthen the awareness of energy conservation, the Group conducts regular staff training and education activities to encourage our staff to develop energy-saving habits at work and in their daily lives. In terms of facilities management, we extensively adopt energy-saving lighting, rationalize the arrangement of lighting equipment, fully utilize natural light sources and reduce the duration and intensity of unnecessary lighting. In addition, the Group regularly maintains and cleans the air-conditioning system to ensure its efficient operation, and sets the temperature and humidity appropriately to avoid energy wastage.

*2.2.3 Water Sources, Targets and Measures to Enhance Water Efficiency*

The Group regards water conservation as an indispensable environmental responsibility in the course of business development. In order to enhance water efficiency, we have established relevant systems and adopted a series of measures, including the deployment of clean water drinking facilities to reduce the use and wastage of bottled or piled water, the posting of water-saving signs in office areas to remind employees to conserve water, and the promotion of secondary water use to enhance the utilization of water resources. Meanwhile, the Group conducts regular inspections of water-consuming equipment to prevent wastage of water resources caused by equipment damage. We are also gradually remodeling water facilities in water closets and restrooms, eliminating appliances that do not meet water conservation standards and installing water-saving faucets and water-saving flushes that comply with national standards to further enhance water efficiency.

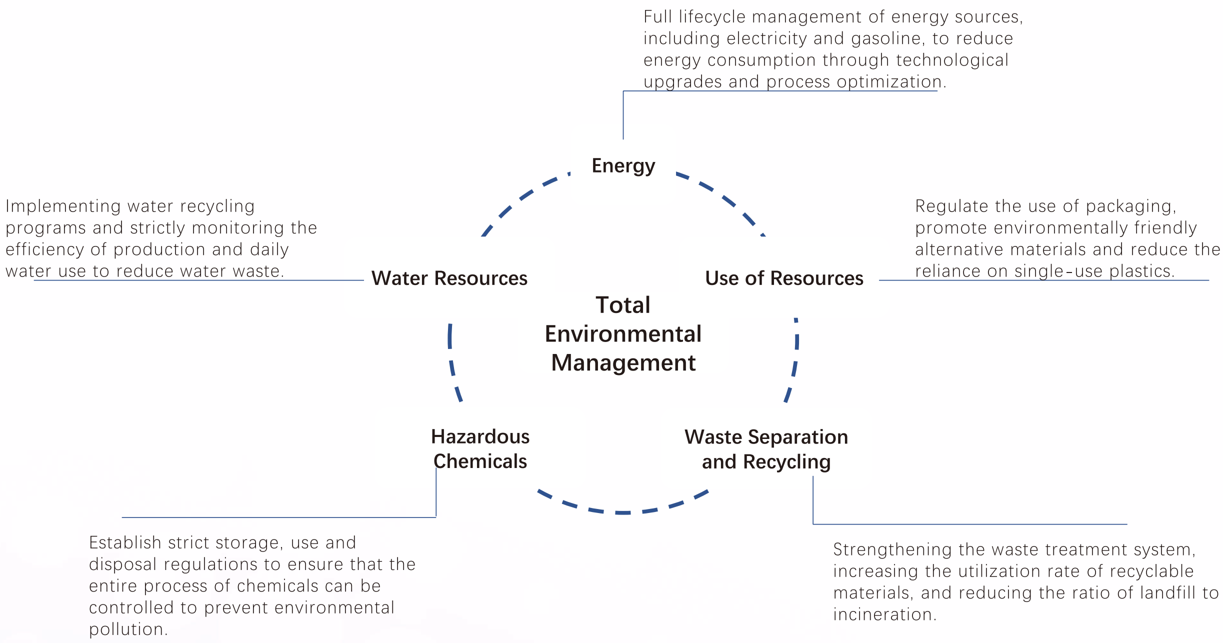
In 2024, the Group will continue to deepen its energy and water resources management measures and explore more innovative technologies and methods to achieve higher resource efficiency and provide solid support for the Group's sustainable development objectives.

## 2.3 ENVIRONMENT AND NATURAL RESOURCES

As a socially responsible public company, the Group deeply recognizes the potential impact of its business activities on the environment and natural resources, and regards environmental protection as a core responsibility for sustainable development. 2024, we will further deepen our environmental management practices and strive to minimize negative impacts on the ecosystem through the development of systematic management and control measures, as well as the incorporation of the concept of environmental protection into the entire process of our business.

The Group's business operations involve energy consumption, use of water resources, chemical management and procurement of raw materials, which may have direct or indirect impacts on the environment. In order to systematically manage these impacts, we have established the following internal systems and continue to optimize their implementation:

# Environmental, Social and Governance Report (Continued)




The Board of Directors of the Group is responsible for overseeing the formulation of environmental and climate-related strategies, and the Administration Department takes the lead in coordinating with various business divisions to carry out day-to-day management in strict compliance with national environmental protection policies and international standards. Through regular environmental data monitoring and staff training, we ensure the effective implementation of various systems, while actively exploring green technological innovations to achieve a double reduction in resource consumption and environmental impact. In the future, we will continue to strengthen collaboration with our supply chain partners, promote the fulfillment of environmental responsibility along the entire value chain, and contribute to the protection of ecosystems and natural resources.

## 2.4 RESPONSE TO CLIMATE CHANGE

### *2.4.1 Significant Climate-related Issues and Policies*

The Group recognizes the far-reaching impact of climate change on business operations, social well-being and the ecological environment, and has integrated climate risk management into its daily operations and strategic planning. In response to climate-related risks, we systematically identify and evaluate physical risks and transformation risks, and formulate corresponding countermeasures to ensure business resilience and sustainable development.

In the future, HeartCare Medical will continue to strengthen the dynamic assessment and management of climate risk, consider low-carbon transformation as a strategic opportunity, and realize the double enhancement of environmental benefits and economic benefits through innovation and value chain synergy, so as to contribute the professional strength of a medical technology enterprise to the global climate goal.

# Environmental, Social and Governance Report (Continued)

## Physical Risk

Physical climate risk poses a significant challenge to the Group's operations and the Group has identified a number of climate-related physical risks that may affect our major operating sites and surrounding areas. In response to these physical risks, we have put in place comprehensive policies to ensure the proper conduct of our manufacturing operations.

| Acute Risks | Chronic Risks |
|---|---|
| Extreme weather events (e.g. typhoons, rainstorms, floods) may result in damage to production facilities, disruption of the supply chain, delays in logistics and potential safety hazards to personnel. Typhoons may affect the transportation of raw materials or the stability of power supply, which in turn may disrupt production progress. | Long-term climate change (e.g. temperature rise, sea level rise) may increase operating costs. Rising temperatures may increase energy consumption and maintenance requirements for equipment. |

## Transition Risks

As countries around the world accelerate the implementation of the Paris Agreement's carbon reduction targets and China strives to achieve the "double-carbon" target, climate-related policies and regulations are becoming more stringent, and the restructuring risks facing the medical technology industry have further emerged. The Group has identified a number of risks that may significantly affect the Group's operating model and cost structure, and has assessed the impact of the new regulations on its business and formulated a compliance path ahead of time.

| Policy and Regulatory Risks | Market and Supply Chain Risks |
|---|---|
| The requirements for carbon emission control, medical waste disposal standards and product life cycle carbon footprints are continuously being upgraded in various countries. Policies such as mandatory standards for packaging materials for medical devices and restrictions on energy consumption in the production process may require the Group to upgrade production processes or substitute raw materials, thereby increasing compliance costs. | Any delay in the low-carbon transformation process of upstream and downstream partners may affect the stability of the supply chain. |

# Environmental, Social and Governance Report (Continued)

## 3 CORPORATE SOCIAL RESPONSIBILITY

### 3.1 EMPLOYMENT

The Group regards employees as the core driving force for sustainable development, and through systematic human resources management and innovative employee care mechanisms, we have built a diverse, inclusive, equal and dynamic workplace ecosystem. In 2024, we continued the existing management framework, deepened the protection of employees' rights and interests and supported for their development, as well as continued to promote the in-depth fusion of the talent strategy and corporate social responsibility. We understand that the growth of our employees and the development of the company are inseparable, so we are committed to providing every employee with fair opportunities, comprehensive benefits and clear career development paths, and at the same time, through a variety of employee activities and communication mechanisms, to create a harmonious and positive working environment.

#### *3.1.1 Labor Practice*

The Group strictly complies with the Labor Law of the People's Republic of China, the Special Rules on Labor Protection for Female Employees and other laws and regulations, and implements the core principles of pay equity, promotion transparency, anti-discrimination, and diversity management through systematic systems such as the HeartCare Medical Employee Handbook. We are committed to building an inclusive workplace environment and ensuring that all employees have equal opportunities in career development, benefits and working conditions. In 2024, we continued to utilize our internal audit mechanism to regularly review the compliance and fairness of our employment policies, and strengthen the understanding and practice of a diverse and inclusive culture among all employees through employee training and advocacy activities.

#### *3.1.2 Remuneration Management*

The Group strictly complies with the Social Insurance Law of the People's Republic of China, the Housing Provident Fund Administration Regulations and other relevant laws and regulations, and has formulated the Remuneration and Benefits System to provide a comprehensive remuneration protection system for its employees. The Group has established a scientific remuneration structure covering fixed wages, performance bonuses (including intellectual property rights incentives, project bonuses, production attendance bonuses, sales performance commission bonuses, bonuses for advanced employees, etc.), allowances (including meal subsidies, business trip allowances, technical allowances, management allowances, special position allowances, other allowances, etc.) and long-term and short-term incentive plans, which comprehensively reflect the value of employees' contributions. We have strengthened the transparency and market competitiveness of our pay scales through the "Reference Table of Employee Rank and Remuneration Level", and realized the long-term bonding of our core talents to the development of the company through annual salary adjustments and equity incentive plans. We also dynamically adjust our salary structure according to market changes and corporate development needs to ensure that employees' income grows in tandem with corporate performance. In addition, the dual-track design of statutory benefits and voluntary benefits (e.g., holiday gift packages, health checkups, maternity gifts, etc.) allows employees to choose a suitable combination of benefits based on their personal needs, which significantly enhances the sense of belonging of employees and further improves the flexibility and attractiveness of the benefits system.

# Environmental, Social and Governance Report (Continued)

*3.1.3 Performance Management*

Based on the Performance Management System set out in the Employee Handbook, the Group has adopted a target-oriented appraisal mechanism, which combines quarterly and annual evaluations to provide employees with clear promotion paths and opportunities for salary adjustments. In 2024, we further strengthened the performance communication loop by digitally empowering departmental managers to realize dynamic management of target-setting, process tracking and improvement plans. We have also introduced a performance appraisal mechanism that takes into account the performance of employees to ensure that appraisal results are comprehensive and fair. For key positions, we have designed a personalized development plan that combines the employee's career development with the company's strategic needs to provide customized monthly and annual performance goals, as well as training and promotion opportunities based on the assessment.

The Group has clearly stipulated the procedures and systems relating to dismissal in the labor contracts and staff handbooks, and handles dismissal-related matters with transparency and fairness as the cornerstone. The Group strictly complies with relevant national laws and regulations, relevant terms and conditions and labor contracts, and provides employees with corresponding termination indemnities to ensure the compliance and reasonableness of its operations.

*3.1.4 Work Environment and Employee Well-being*

In order to protect the rights and interests of employees, the Group strictly enforces the "Attendance Management System" and implements a standard working hour system of 40 hours per week, and flexibly applies an irregular working hour system according to the characteristics of the positions, so as to ensure that the rest rights and interests of employees are fully protected through the accurate recording and management of working hours.

In order to retain corporate talent and enhance employee satisfaction, we have continued to upgrade our welfare system in terms of leave management (including annual leave, care leave, etc.) and health support measures (e.g., commercial insurance, frontline position subsidies), and have set up the "Holiday Management Requirements" in the staff handbook to ensure that employees can reasonably enjoy various types of holidays. The Group pays the statutory social insurance and housing provident fund contributions and provides corresponding statutory benefits to its employees in accordance with the applicable legal requirements on a timely basis. The Group also strengthens team cohesion and corporate culture recognition through a rich variety of employee activities.

*3.1.5 Employees Activities*

The Group cares for the physical and mental health of its employees. Through the establishment of an employee care mechanism and the organization of a series of employee activities, the Group aims to strengthen the sense of belonging of its employees, enhance corporate cohesion and promote the formation of a good and harmonious working atmosphere. The Group organizes exchange activities on a regular and irregular basis, including but not limited to departmental gatherings, annual meetings, etc., in order to further enhance mutual understanding among employees, enrich their lives, develop a healthy and positive corporate culture of the Group, and advocate the spirit of teamwork in a happy and harmonious manner. The Group listens carefully to the opinions of its employees and, based on their feedback, provides them with recreational activities that can mobilize their vitality, thereby creating a warm and accommodating working environment for them and continuously enhancing their sense of belonging and corporate cohesion.

# Environmental, Social and Governance Report (Continued)

In 2024, we organized a number of staff activities to provide a moment of relaxation for our staff in the midst of their busy schedules, and at the same time, to promote the spirit of cooperation among our staff. This year, we organized a Women's Day event, arranging flower arrangement and floral art activities for many female employees of the Group to thank them for their hard work and dedication to the Group. We also organized a number of sports activities to keep our sedentary staff active and to promote teamwork.

**2024 Shanghai HeartCare Medical 8th Anniversary Celebration Event**

# Environmental, Social and Governance Report (Continued)

**Basketball and Tennis Games**

**Women's Day Events**



*3.1.6 Employee Satisfaction Survey*

The Group attaches great importance to the voices of our employees, and has established multiple communication channels and implemented the "Employee Suggestion Improvement Reward System" to encourage employees to participate in management optimization and culture building. In 2024, we will continue to explore the needs of our employees by various means such as emails, WeChat, DingTalk or through their supervisors, allowing them to put forward their suggestions and opinions at anytime, anywhere, and to be followed up and fed back by specialists who will transform the results of the feedbacks into concrete action plans. The results of the feedback will be transformed into concrete action plans to continuously improve the workplace experience. From time to time, we also seek feedback from our employees on their work and operations in writing or through verbal communication to improve the management of the Group, and ensure that every suggestion is responded to and handled in a timely manner.

*3.1.7 Current Employment*

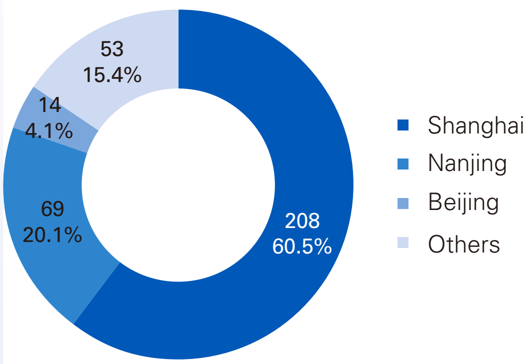
As at December 31, 2024, the total number of full-time employees of the Group was 344 (as at December 31, 2023: 368), with the largest proportion of employees working in Shanghai. In addition, most of the Group's employees are female and aged between 31 and 50. 49.1% of the employees have university degree or above, which indicates that the overall scientific and cultural level of the employees is relatively high.

# Environmental, Social and Governance Report (Continued)

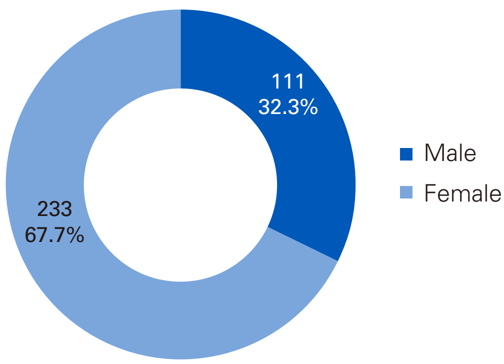
The following table sets out the number of the Group's employees by region, gender, age group and education level:

| Employment | 2024 | 2023 |
|---|---|---|
| **Total Employees** | **344** | 368 |
| **By Gender** | | |
| Male | **111** | 120 |
| Female | **233** | 248 |
| **By Age** | | |
| 30 and below | **87** | 96 |
| 31–50 | **251** | 271 |
| 51 and above | **6** | 1 |
| **By Region** | | |
| Shanghai | **208** | 202 |
| Nanjing | **69** | 70 |
| Beijing | **14** | 15 |
| Others | **53** | 81 |

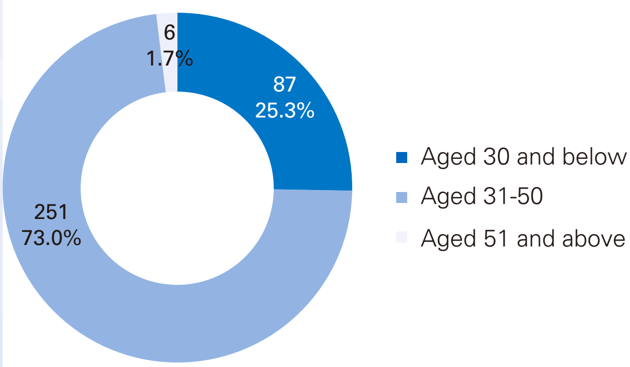
**Percentages of Employees of the Group by Major Indicators in 2024**



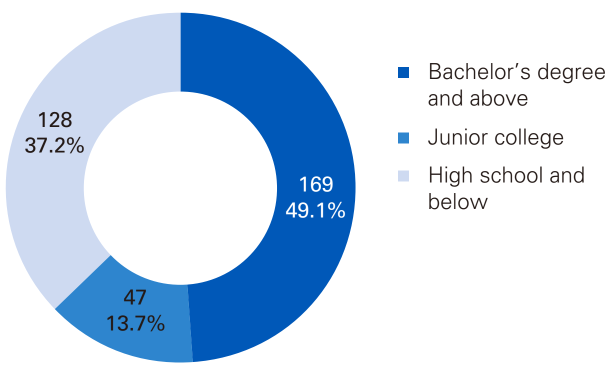

**Work Area**




**Gender**




**Age**




**Educational background**

# Environmental, Social and Governance Report (Continued)

*3.1.8 Employee Turnover*

We understand that attracting and retaining talents is an important part of the Group's sustainable development. As at December 31, 2024, the total number of staff turnover of the Group during the Reporting Period was 78, with a total staff turnover rate of 22.7%, which is lower than last year's staff turnover rate of 32.1%. We are committed to retaining corporate talent through effective salary administration, bonuses, allowances, a comprehensive promotion mechanism and corporate autonomy benefits. At the same time, through the "Employee Suggestion and Improvement Reward System", we encourage our employees to make constructive suggestions on the Group's name, so as to provide them with a better working environment and build a more harmonious corporate culture from the employees' perspective.

The following table sets out the Group's staff turnover rate by gender, age and region:

| **Employee Turnover**[1] | **2024** | 2023 |
|---|---|---|
| Employee Turnover Rate | **22.7%** | 32.1% |
| **By Gender** | | |
| Male | **27.0%** | 42.6% |
| Female | **20.6%** | 25.5% |
| **By Age** | | |
| 30 and below | **21.8%** | 37.3% |
| 31–50 | **23.5%** | 30.2% |
| 51 and above | **0.0%** | 0.0% |
| **By Region** | | |
| Shanghai | **29.8%** | 38.0% |
| Nanjing | **7.2%** | 12.5% |
| Beijing | **28.6%** | 16.7% |
| Others | **13.2%** | 31.4% |

*Note:*

1. Method of calculating the Turnover Rate for each category: Number of employees resigned in the category ÷ Total number of employees in the category x 100%.

## 3.2 EMPLOYEE HEALTH AND SAFETY

The Group has always placed the health and safety of its employees as one of its core values and adheres to the principle of "people-oriented, safety first", and is committed to creating a safe, healthy and sustainable working environment. We strictly comply with national laws and regulations such as the Production Safety Law of the People's Republic of China, the Prevention and Control of Occupational Diseases Law of the People's Republic of China, and the Fire Services Law of the People's Republic of China, and have established a series of internal rules and regulations, including the Production Safety Management System, the Fire Safety Management System, the Management System for Workplace Injuries, and the Emergency Response System for Emergency Handling of Sudden Accidents, in order to ensure that all safety standards are effectively implemented.

# Environmental, Social and Governance Report (Continued)

To ensure the safety of our employees in the work environment, we not only clearly regulate the workplace safety code of conduct in our employee handbook, but also strengthen the safety awareness of our employees through continuous training and internal inspections. We regularly organize employee safety education activities covering areas such as production safety, fire emergency response, hazardous chemical handling and occupational health protection to ensure that all employees are equipped with the necessary safety knowledge and response skills.

In addition, we continue to optimize our emergency management mechanism and enhance our ability to handle emergencies to ensure that we can respond swiftly and effectively to minimize risks in case of emergencies. With these efforts, the Group had no work-related deaths of employees from 2022 to 2024 and the work-related mortality rate was 0%. During the Reporting Period, a total of two people were injured at work, resulting in 435 hours of lost work time.

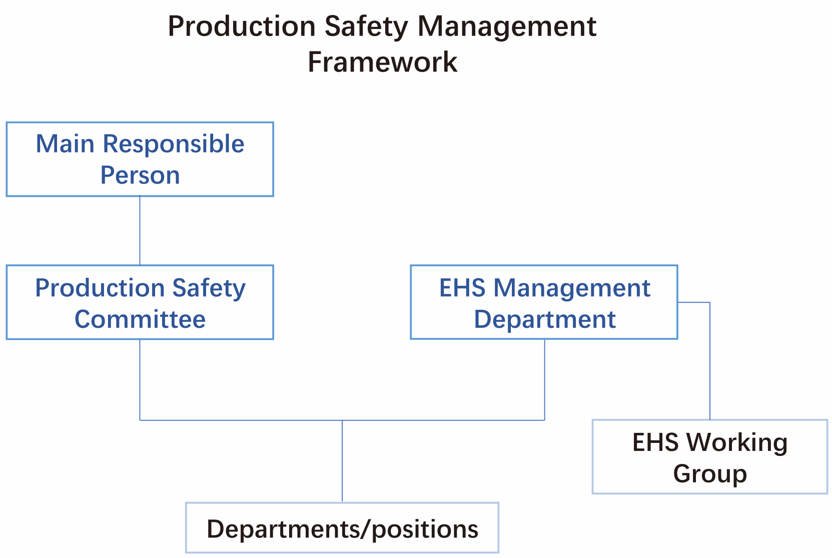
*3.2.1 Production Safety*

In the production process, the Group places the safety of its employees at the top of its priority list. We have formulated the Production Safety Responsibility Management System and the Production Safety Management Handbook, which clearly define the responsibilities of management staff at all levels, safety standards and risk prevention and control measures to ensure that all employees are able to carry out their work in a controlled and safe environment. The production safety responsibility management system clarifies the production safety responsibilities of all levels, departments and positions to prevent and control all types of safety accidents.

In terms of production equipment and operating environment management, we have implemented a regular inspection and maintenance mechanism to ensure that all equipment is in good working order and that corrective measures are taken in a timely manner when potential safety hazards are detected. In addition, we require all employees involved in the operation of special equipment and hazardous chemicals to undergo stringent safety training and obtain qualifications to ensure that they have adequate professional knowledge and response capabilities.

As the Group's production involves chemicals and special equipment, we strictly comply with the relevant regulations such as the Regulations on the Safety Administration of Dangerous Chemicals, the Regulations on the Safety Supervision of Special Equipment and the Law of the People's Republic of China on Work Safety, and have set up a full-time safety management organization. The Production Safety Committee ensures production safety, plans and decides on the Group's production safety work, and regularly scrutinizes the progress of production safety work. At the same time, the Production Safety Committee is responsible for overseeing the implementation of the production safety responsibility system in each department, conducting regular assessments on production safety and awarding rewards and penalties based on the results of these assessments. the EHS Management Department is responsible for overseeing the Company's operations in the areas of safety, ecology, environment and occupational health, and organizing the EHS working group to ensure the effective implementation of safety measures. We firmly believe that production safety is not only related to the sustainable development of the enterprise, but also a basic guarantee for the well-being of our employees. Therefore, we will continue to optimize our safety management system to ensure that our production processes meet the highest safety standards.

# Environmental, Social and Governance Report (Continued)




The Group has also established contingency plans for production safety accidents, which clearly set out the emergency preparations for production safety accidents that should be made by each department in accordance with the contingency plans in the event of the occurrence of the relevant safety accidents. The Group classifies accidents into three levels according to their severity, scope of impact and the ability of the unit to control the situation, and formulates contingency measures for the staff of the unit to deal with accidents at each level. The contingency plan also includes a risk analysis of the Group's production and operation units, which analyzes the risks of hazardous accidents that may occur in the units in terms of operation, geographic location and use of equipment, etc., and handles these risks with a well-established emergency response organization system and response procedures.

# Environmental, Social and Governance Report (Continued)

*3.2.2 Fire Safety*

In order to further enhance the level of fire safety management, the Group has installed complete fire prevention and firefighting equipment in all office and production areas, and conducts regular inspection and maintenance of all facilities to ensure that they are in optimal operating condition. At the same time, we have posted clear emergency evacuation guidelines in all major corridors to help our staff to quickly identify escape routes in case of emergency and to enhance their ability to respond to emergencies.

We have formulated the Fire Safety Management System in accordance with the Fire Services Law of the People's Republic of China, Shanghai Fire Services Regulations and other relevant laws and regulations, as well as the Group's situation, to ensure that the risk of fire in the Group is minimized, to protect the lives of our employees and property, to raise the awareness of fire safety among our employees, and to enhance their fire emergency response capability.

All new employees are required to receive fire safety training, covering emergency escape, use of fire-fighting equipment and fire risk prevention. We organize fire drills every year to simulate various fire scenarios to ensure that our employees are able to respond correctly in emergency situations. We organize training on basic EHS knowledge, response to incipient fires, evacuation and escape, and conduct fire drills in accordance with the emergency response plan to further strengthen the fire safety awareness and response capability of our employees. We will continue to improve our fire safety management system to ensure that all employees can work in a safe environment.

*3.2.3 Employee Health Care*

Apart from safety management in the workplace, the Group is also concerned about the physical and mental health of our employees and is committed to providing comprehensive health protection. In addition to paying medical insurance for our employees in accordance with the law, we also provide supplementary commercial medical insurance to ensure that our employees are better protected in terms of their medical needs. In order to help our employees identify and prevent health risks at an early stage, we regularly organize free annual health check-ups for employees who have been with us for more than six months, covering a wide range of key health indicators, so that they can pay better attention to their own health conditions. We also encourage our employees to find a good balance between work and life, and enhance their physical and mental health through various employee care activities, such as mental health seminars, sports competitions and healthy living advocacy programs.

## 3.3 EMPLOYEE DEVELOPMENT AND TRAINING

Talent development is an important cornerstone for the sustainable growth of an enterprise. The Group is committed to building a multi-level and systematic employee training system to help employees develop their careers while promoting the common growth of the enterprise. Our training system covers the assessment of training needs, the formulation of training plans, the implementation of courses and the evaluation of learning outcomes to ensure that employees are provided with high quality learning resources. The Group encourages its employees to continuously update and expand their knowledge, skills and experience, and is committed to assisting them in their career planning and development while enhancing their professionalism. In the future, we will continue to optimize our training system and provide more learning opportunities to help our employees achieve their career development goals and promote the sustainable development of the Company.

# Environmental, Social and Governance Report (Continued)

**Diversified Training Models**

| Internal Trainings | External Trainings | New Employee Trainings |
|---|---|---|
| We provide pre-employment training, skills upgrading training and job transition training to help our staff master professional skills and enhance work efficiency. | We actively cooperate with professional organizations to provide short-term seminars, professional certification courses and management training courses for our staff, so that they can continuously update their knowledge and enhance their competitiveness. | We set up growth training camps and adopt the "mentor-apprentice" model to help new employees quickly adapt to the corporate culture and work environment. |

**New Employees Training Camp**

### *3.3.1 Employee Training*

As at December 31, 2024, the total number of trained employees of the Group was 344, with 100% of our full-time employees having received relevant training provided by us. During the Reporting Period, the total number of staff training hours amounted to 21,252, with an average of 61.8 hours per employee. The average training hours per employee by position were 58.4 hours for general employees, and 83.4 hours and 123.0 hours for middle management and senior management respectively.

# Environmental, Social and Governance Report (Continued)

The average number of hours of training per employee and the proportion of employees receiving training by gender and type of employees are set out below:

| Employee Training | 2024 | | 2023 | |
|---|---|---|---|---|
| | Average Training Hours | Percentage of Employees Trained | Average Training Hours | Percentage of Employees Trained |
| **All Employees** | 61.8 hours | 100.0% | 38.7 hours | 100.0% |
| **By Gender** | | | | |
| Male | 67.8 hours | 32.3% | 42.4 hours | 32.6% |
| Female | 58.9 hours | 67.7% | 37.0 hours | 67.4% |
| **By Employee Category** | | | | |
| Senior Management | 123.0 hours | 1.7% | 83.6 hours | 4.0% |
| Middle Management | 83.4 hours | 9.0% | 58.7 hours | 27.2% |
| Other Employees | 58.4 hours | 89.2% | 28.2 hours | 68.8% |

*Notes:*

1. Only full-time employees are included in the calculation of staff training; part-time employees are not included in the calculation.
2. Calculation of the average number of training hours per employee: Total number of training hours for the employee ÷ Total number of employees trained at the end of the year.
3. Calculation of the percentage of employees receiving training: (number of employees receiving training ÷ total number of employees at the end of the year) x 100%.

## 3.4 PREVENT CHILD LABOR OR FORCED LABOR

The Group has always adhered to the principle of lawful and compliant employment and has undertaken never to use child labor or forced labor under any circumstances. We strictly comply with relevant laws and regulations such as the Law on the Protection of Minors and the Regulations Prohibiting the Use of Child Labor, and maintain a zero-tolerance attitude towards all employment practices to ensure that all employees enjoy a fair, just and compliant employment environment.

In order to implement the legal employment policy, the Group has established a set of comprehensive prevention and monitoring mechanism to ensure that the recruitment process is rigorous and transparent:

- **Identity Verification System:** All new employees' identification documents are subject to review by Human Resources Department to verify age and identity information, and are filed in a complete personnel record to eliminate child labor issues.

- **Internal Grievance and Reporting Mechanism:** Employees can report any possible violation of the Company's employment policies directly to the Human Resources Department or senior management, and we will promptly investigate and take necessary countermeasures.

# Environmental, Social and Governance Report (Continued)

- **Supply Chain Monitoring:** During our supplier audits, we also include legal employment standards in our assessment and require all partners to comply with corresponding regulations to ensure that the entire supply chain complies with labor rights protection requirements.

- **Background and Compliance Checks:** We ensure the employment compliance of all candidates through internal checks and necessary third-party background investigations, and all employment documents are carefully screened and checked by the HR administration department.

If any violation of employment regulations is detected, the Group will uphold the principle of zero tolerance and take prompt measures to deal with the matter seriously, so as to ensure that both internal and external employees can work in a lawful and fair labor environment. We will continue to improve our employment management mechanism to ensure that all employees are provided with fair career development opportunities in compliance with labor laws and regulations.

## 3.5 COMMUNITY INVESTMENT

The Group deeply recognizes the importance of community development to the long-term development of enterprises, and therefore takes community investment as part of its social responsibility and actively participates in the sharing of community resources. As a key enterprise in the biomedical industry, HeartCare Medical not only promotes local employment and economic prosperity through resource investment and industry guidance, but also contributes to social innovation, talent cultivation and cultural heritage in the region.

*Promoting the Integration of Industry and Education*

In July 2024, the Group, as a key enterprise in the biopharmaceutical industry, actively participated in the "Shanghai Industry-Education Integration City Construction Work Promotion Meeting and Lingang New Area Industry-Education Integration Development Conference". The theme of the conference was "Building an Ecology of Industry-Education Integration and Creating a New Future of Quality Development", which aimed to promote the deep integration of education and industry and provide talent support and technological innovation for the high-quality development of Shanghai and Lingang New Area.

During the meeting, the Lingang New Area Industry-Education Integration Innovation Alliance was formally established, and 11 key industry school-enterprise practice bases were launched, including the cooperation between HeartCare Medical and Shanghai Polytechnic University. Through this cooperation platform, the Group not only cultivates innovative and applied talents for the future biomedical industry, but also promotes the effective connection between the local industry chain and talent chain.

The Group actively supports and participates in this industry-education integration strategy and is committed to cultivating more high-quality technical talents for the biopharmaceutical industry, thereby contributing to the high-quality development of the enterprises and promoting the construction of the Lingang New Area into a modernized new city that is pleasant to work and live in. This cooperation is not only a powerful impetus to the development of the region, but also demonstrates the Group's strong commitment to promoting industrial innovation and enhancing social responsibility.

# Environmental, Social and Governance Report (Continued)


*Professional Academic Contribution and Industry Impact*


Apart from product quality management, the Group also actively participates in academic exchanges and domestic and international industry development, and is committed to promoting the innovation and application of neurointerventional technologies. For example, in December 2024, as an innovative enterprise in the field of neurointervention in China, the Group participated in the "Ninth Annual Conference of China Stroke Association Neurointervention Branch" organized by the Chinese Stroke Association, where it explored the diagnostic and treatment technologies, innovative treatment solutions and future development trends of cerebrovascular diseases with many top experts, clinicians and academics in the field of neurointervention in China. The Group showcased its innovative medical devices and technological achievements in the areas of thrombus extraction, aneurysm, stenosis, etc., and had in-depth exchanges with colleagues in the industry in order to promote the development of clinical application of neurointerventional technologies.

In addition, the Group also participated in the 21st China Cerebrovascular Disease Forum and the 2nd National Conference on Continuing Education in Neurointervention through its 088 aspiration catheter technology. The forum gathered a number of elite experts in the industry with the aim of organizing the strength of the industry to make breakthroughs in the areas of basic research, diagnostic and treatment technology, innovation and leadership, international cooperation and continuing education in cerebrovascular disease. Our products were also highly recommended by the experts and customers, which further established our position in the industry.

# Environmental, Social and Governance Report (Continued)

Meanwhile, with the mission and vision of "Internationalization of Chinese Technology", the Group is actively going global. In October 2024, we made our debut at the 17th Congress of World Federation of Interventional and Therapeutic Neuroradiology (WFITN 2024) in the United States with our self-developed 008 Aspiration Catheter and Catheter and Carotid artery heavy load thrombus aspiration technique (CATCH). This groundbreaking innovation marks another major advancement in the field of stroke treatment by Chinese medical devices, and provides a more efficient, faster and safer solution for the treatment of acute ischemic stroke. The solution to acute ischemic stroke treatment is more efficient, faster and safer. In this international arena, our innovative medical technologies and products have been recognized and praised by many in the industry and gained wider recognition in the international market. In the future, the Group will continue to increase its investment in scientific research and innovation and launch more products with international competitiveness.


**Highlighted Case — Establishment of "Wei Lai Stroke Lyceum"**


In order to promote the innovation and development of neurointervention technology, help clinicians improve neurointervention technology, implement and popularize clinical guidelines and consensus content, "Wei Lai Stroke Lyceum" project organized by Chinese Journal of Stroke was formally established in August 2024, and HeartCare Medical, as a company with social responsibility and mission, actively participated and gave great support to the academy. As a corporate entity with social responsibility and sense of mission, HeartCare Medical actively participated and gave great support to the Academy.

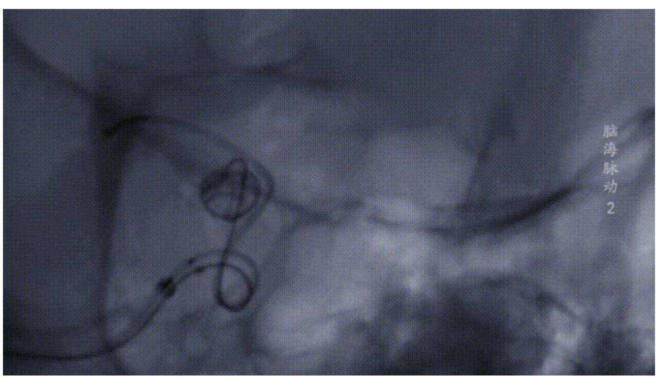
The "Wei Lai Stroke Lyceum" gathers the wisdom and achievements of top experts and scholars in the industry, and is dedicated to academic exchange and sharing, technical standardization and innovation, as well as the cultivation and enhancement of the clinical ability of young doctors in the field of neurological intervention. The Academy has invited dozens of renowned experts in the field to serve as expert advisors and youth advisors, who will discuss, develop, and promote bolus extraction techniques and provide professional academic support and guidance, as well as valuable advice and opinions on the development of the Academy.

# Environmental, Social and Governance Report (Continued)

**Highlighted Case — Support for "The Pulse of the Brain" Documentary Filming**


As a leading company in the field of neurointervention, HeartCare Medical has supported the filming and production of "The Pulse of the Brain", which is the first scientific documentary in China that systematically shows the history of mankind's struggle against cerebrovascular diseases. Under the academic guidance of the Neurointervention Professional Committee of the Chinese Medical Doctors' Association and broadcast on CCTV-9, the documentary was shot over three years across the country, detailing the century-long development of cerebrovascular disease treatment technology since its inception. The documentary invited nearly 100 top experts in the field of neuroscience, including Zhou Liangfu, Zhao Jizong, and Ji Funming, academicians of the Chinese Academy of Engineering, etc., and presented the iterative trajectory from the early "corkscrew-shaped" thrombectomy device to modern vascular intervention technology.

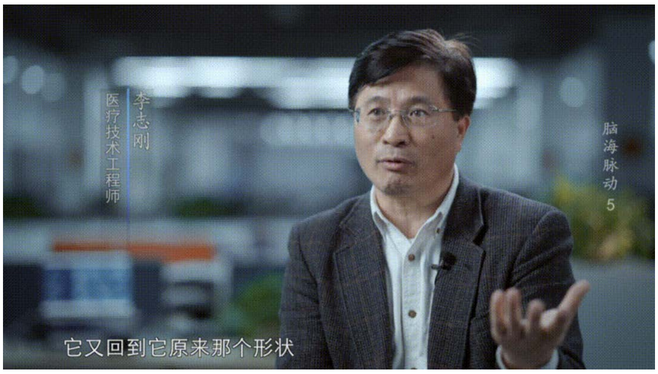
Since its premiere on October 28, 2024, "The Pulse of the Brain" has seen steadily rising viewership, reaching nearly 100 million people and becoming a standout work in the medical documentary genre. By supporting this project, HeartCare Medical has not only advanced public awareness of cerebrovascular diseases and their treatments but also demonstrated its professional commitment as a leader in neurointervention. The technological innovations highlighted in the documentary align closely with HeartCare Medical's own developmental journey, underscoring the company's role in driving medical progress and accessibility. Beyond promoting public education on cerebrovascular disease prevention and treatment, HeartCare Medical has also facilitated a vital platform for global medical innovation and collaboration, reflecting its proactive approach to corporate social responsibility.




Episode 2 of "The Pulse of the Brain"
Features the HeartCare • SEALSAC Embolic Coil System

# Environmental, Social and Governance Report (Continued)

**Highlighted Case — Support for "The Pulse of the Brain" Documentary Filming**




Episode 5 of "The Pulse of the Brain"
Includes Li Zhigang, CTO of HeartCare Medical

## 4 CORPORATE OPERATIONS

### 4.1 OPERATIONS MANAGEMENT

*4.1.1 Supplier Management*

In order to ensure the standardization and sustainability of the supply chain management, the Group continuously improves its supplier management system and has formulated a stringent screening, evaluation and supervision process in accordance with the "Qualified Supplier Management System", so as to ensure that all partners comply with the Group's quality and compliance standards. The system clearly defines the responsibilities of all relevant departments in supplier management and categorizes suppliers according to the extent of their impact on the quality of the Group's final products to ensure the stable and efficient operation of the supply chain.

#### Supplier Evaluation and Monitoring

In supplier evaluation, the Group adopts a multi-tiered review process, including but not limited to document review, sample testing, on-site audits, and third-party background verification, to select qualified partners that meet our standards. Additionally, depending on the type of product or service, we require suppliers to provide necessary compliance certifications–such as ISO 13485 certification, cleanroom validation, self-inspection reports, and biocompatibility assessment data–to ensure they meet our quality and safety requirements. In 2024, the number of the Group's approved suppliers increased to 162 (2023: 143), reflecting business expansion and strengthened supply chain management.

For the subsequent management of qualified suppliers, the Group has established a regular performance evaluation mechanism covering qualification review, product and service quality, delivery and completion time, pricing reasonableness, after-sales support, rectification and improvement tracking. Through on-site audits and annual composite scores, we ensure that our suppliers continue to meet the Group's standards of cooperation. For problems and non-conformities identified in the assessment process, suppliers are required to complete rectification within the stipulated timeframe and undergo re-audits to ensure the stability and compliance of the supply chain.

# Environmental, Social and Governance Report (Continued)

### Sustainable Supply Chain

To further enhance the flexibility and sustainability of the supply chain, the Group has increased the proportion of suppliers in the PRC during the year, prioritizing the selection of local suppliers to reduce the cost of cross-border transportation and carbon footprint. On the premise of ensuring that suppliers can meet the quality and compliance requirements, we prioritize the selection of partners that can supply in close proximity to us, thereby shortening the logistics distance and reducing energy consumption and carbon emissions during the transportation process. In addition, local sourcing also helps to minimize the risks associated with international logistics fluctuations in the supply chain and enhance supply stability and delivery efficiency.

The Group is highly concerned about the environmental and social risks in all aspects of the supply chain. The supply chain management department conducts background checks on all suppliers, which include the suppliers' environmental compliance status and whether they are involved in violation of environmental protection regulations. In addition, the Group has included suppliers' performance in environmental protection as one of the screening criteria to ensure the environmental friendliness of suppliers' products or services by giving priority to suppliers that comply with the ISO14001 certification, etc. The Group also conducts on-site inspections of suppliers in accordance with the business requirements to ensure that its partners attach importance to environmental protection policies. The Group has been actively promoting the certification of environmental quality systems of suppliers with the aim of enhancing the environmental standards of the supply chain. Currently, three raw material suppliers have passed the ISO14001 environmental quality system certification. we will continue to promote the participation of more partners in the construction of environmental management systems in order to reduce the environmental impact of the supply chain and realize a more sustainable mode of operation. the geographical distribution of the Group's suppliers in FY2024 is shown in the table below:

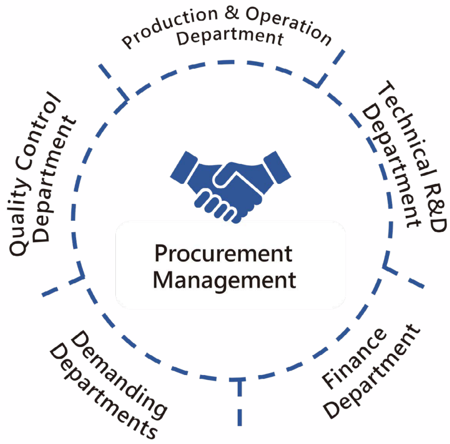
| **Suppliers Overview** | **2024** | 2023 |
|---|---|---|
| **Total Number of Suppliers** | **162** | 143 |
| **By Region** | | |
| PRC | **88.3%** | 86.7% |
| Regions outside of the PRC | **11.7%** | 13.3% |

*Note:* PRC includes Shanghai, Jiangsu, Guangdong, etc.; Regions outside of the PRC include U.S., etc.

### *4.1.2 Procurement Management*

In order to ensure the regularity and efficiency of the procurement process, the Group has established a comprehensive internal "Procurement Management System" and "Procurement Control Procedures" and promoted the refinement of supply chain management based on a clear procurement control process. We always adhere to high standards of procurement quality control to ensure that all products and services procured domestically and internationally meet the Group's business needs and compliance requirements.

# Environmental, Social and Governance Report (Continued)




Our procurement process involves the cooperation of various departments to manage the procurement program and work in a holistic manner and to control risks. We have a Quality Compliance Department that specializes in the acceptance and quality control of raw materials, packaging materials and non-disposable R&D consumables for production. The department plays a key role in the procurement process and strictly controls the quality of products to ensure that all materials meet the established standards, which further ensures the smooth progress of production and research and development work. The Group's technology research and development department also assists in the development of quality standards for supplied products, which are developed in-house to meet the Group's high standards of quality. In addition, before finalizing the procurement of products or services, the Business Requirements Department is required to conduct thorough research on the market situation and comprehensive assessment of potential suppliers to ensure the selection of partners with stable supply capacity and excellent quality.

### Enhancing Procurement Transparency and Efficiency

Through the integration and application of information technology systems, the Group has promoted the digitalization of its procurement management process and achieved centralized management and supervision of procurement information. This has not only effectively enhanced the transparency and efficiency of procurement work, but also further strengthened the standardization and monitoring of suppliers' information and reduced potential risks. At the same time, digital management helps to strengthen internal collaboration, enabling more efficient cooperation among business demand departments, supply chain management teams and quality control departments, and improving the accuracy and scientific of procurement decisions.

### Strict Implementation of Procurement Quality Control

**Quality Control Standards**

- Objective
- Quantitative
- Quality Engineer Confirmation
- Passed Quality Inspection

In order to ensure that the quality of procurement meets the standards, the Group has established a comprehensive quality tracking and feedback mechanism to ensure continuous monitoring of the quality status of products and services. The Group conducts comprehensive management of the quality of products and services prior to procurement. Quality engineers and personnel related to quality standards will confirm the methods and rules of inspection to ensure that all aspects of the purchased products and services can be inspected.

Once it is found that the purchased materials or services do not comply with the acceptance standards, the relevant business units will immediately feedback the problems to the suppliers and initiate the follow-up and rectification process of the quality problems, so as to ensure that all the products or services ultimately meet the Group's quality requirements. In addition, the Group also encourages suppliers to actively improve their internal quality management systems to facilitate the optimization and enhancement of the overall quality of the supply chain.

# Environmental, Social and Governance Report (Continued)

Through a stringent procurement management system, information-based supervision and quality control mechanism, the Group continues to strengthen the stability and sustainability of its supply chain, ensuring that all procurement processes meet the Group's high standards and further promote the long-term development of its business.

## 4.2 PRODUCT RESPONSIBILITY

### *4.2.1 Health and Safety of Products and Services*

The Group has always regarded the health and safety of our products and services as a core value, and is committed to establishing and implementing a stringent product quality management system throughout the entire production and operation process to ensure that all products meet the highest standards. We utilize a total life cycle management approach to ensure product safety and efficacy from design and development, raw material selection, production, quality inspection, and post-market monitoring.

During the product design and development stage, the Group implements a risk management program and conducts phased assessments, including sample validation, biocompatibility testing, animal testing, design validation, clinical testing, shelf-life testing, sterilization testing and other quality and safety tests to ensure that the products meet stringent safety standards at the early stage of development. After the launch of the products, the Group has set up product quality control points through a quality control program and conducted production supervision in accordance with the validated operational guidelines. In addition, for mass-produced products, the Group conducts annual risk assessments to ensure continuous compliance with safety and quality standards during the period of market circulation.

#### Regulatory and Standards Compliance Management

The Group strictly complies with relevant laws and regulations such as the Regulations on Supervision and Administration of Medical Devices, the Product Quality Law of the People's Republic of China, the Production Safety Law, the Advertising Law and the Trademark Law, etc., so as to ensure that its products comply with the regulatory requirements in respect of the production, labeling, sales and marketing of its products. In addition, the Group has passed the ISO 13485:2016 international standard certification and has established a stringent internal quality management system in accordance with the "Code of Practice for the Quality Management of Medical Device Manufacturing" to ensure that all its products are subject to stringent testing and evaluation before they are put on the market.


DEKRA

CERTIFICATE

Number: 6150467

The management system of the organization(s) and locations mentioned on the addendum belonging to:

**Shanghai HeartCare Medical Technology Corporation Limited**
**1st Floor and 3rd Floor, Building 38, No. 356 Zhengbo Road, LIN-GANG Special Area, China (Shanghai) Pilot Free Trade Zone**
**201422 Shanghai**
**China**

including the implementation meets the requirements of the standard:

**ISO 13485:2016**
**EN ISO 13485:2016**

Scope:
Design, Development, Manufacture and Distribution of Thrombectomy Device, Angioplasty and Stenting System, Embolization and Aneurysm Coiling Devices, Vascular Access Devices in the area of Neurological and interventional procedures; Stroke Prevention Devices (Left Atrial Appendage Closure Device with Delivery System) in the area of cardiovascular interventional and surgical procedures.

Certificate expiry date: 1 May 2026
Certificate effective date: 23 May 2023
Certified since: 23 May 2023

This certificate is valid for the organization(s) and/or locations mentioned on the addendum.

DEKRA Certification B.V.

B.T.M. Holtus
Managing Director

J.M.A. McKenzie
Certification Manager

© Integral publication of this certificate and adjoining reports is allowed

MGMT. SYS RvA C 580 IAF

DEKRA Certification B.V. Meander 1051, 6825 MJ Arnhem P.O. Box 5185, 6802 ED Arnhem, The Netherlands
T +31 88 96 83000 F +31 88 96 83100 www.dekra.nl Company registration 09085396

# Environmental, Social and Governance Report (Continued)

## Quality Control and Product Tracking

In order to strengthen product quality control along the entire chain, the Group has established the "Product Monitoring and Measurement Control Procedures", in which quality engineers are responsible for the comprehensive control from raw material inspection, manufacturing process monitoring to final product identification, and all quality inspectors are required to carry out audits and releases in strict compliance with the specifications.

In order to continuously optimize the product quality management system, the Group has adopted various methods such as internal audits, third-party certifications and management audits to ensure the appropriateness and effectiveness of the quality management mechanism and to make immediate adjustments and improvements to address potential problems. In 2024, the Group make a number of breakthroughs in the area of quality management, including the certification of the ISO 13485:2016 international standard, which has further consolidated the international standardization of the quality management system. The Group achieved a number of breakthroughs in the area of quality management, including the certification of the ISO 13485:2016 international standard to further consolidate the international standardization of the quality management system, and obtaining the Grade A of Jiangsu Province Quality Credit Rating issued by the Jiangsu Province Market Supervision and Administration Bureau in 2024, which demonstrated the excellent quality of the products and the reputation in the market.

In October 2024, the Group was also awarded the CNAS Expanded Scope Accreditation Decision, which covers the three major fields of chemistry, microbiology (BSL-2 laboratory) and physics, and was accredited with 12 testing methods and 13 testing standards, which signifies that the Group's technical competence in the fields of chemical, microbiological and physical testing has reached the standard of the ISO 17025 system. This accreditation allows the Group to use the CNAS State Laboratory Accreditation Mark and ILAC International Mutual Accreditation Mark within the scope of compliance, which is conducive to the enhancement of the Group's core competitiveness and market recognition.

中国合格评定国家认可委员会
认可决定书

机构名称：上海心玮医疗科技股份有限公司测试中心
机构注册号：CNAS L18676

根据中国合格评定国家认可委员会（CNAS）的有关规定，CNAS派出评审组实施了认可评审，经认可评定，CNAS做出决定并通知如下：

一、保持你机构认可资格并扩大认可能力范围，认可能力范围见认可证书附件。

二、允许你机构按照《认可标识使用和认可状态声明规则》（CNAS-R01）以及ILAC-R7的规定，使用CNAS认可标识，ILAC-MRA/CNAS标识和声明认可状态。

三、你机构应于2025年07月14日前接受复评审。

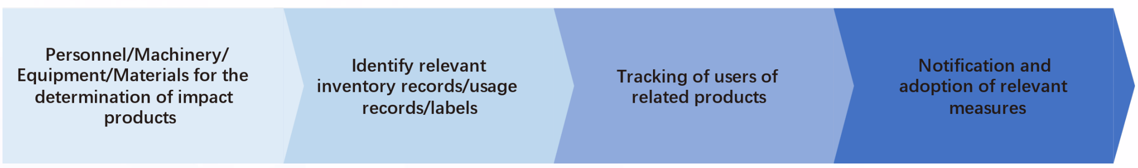
特此通知。

2024年10月14日

# Environmental, Social and Governance Report (Continued)

The Group has formulated the "Marking and Traceability Control Program" in order to prevent product confusion and misuse, and to support rectification and recall measures. Through the establishment of an effective traceability system, the Group ensures that its products are traceable throughout the entire process. The Production and Operations Department and the Quality and Compliance Department work together to ensure that products can be effectively traced during the flow of products. The Production and Operations Department is responsible for the labeling of all the Group's products, including raw materials, finished products, semi-finished products and finished products; the Quality and Compliance Department is responsible for organizing and coordinating the conduct and control of the traceability work, and overseeing that the labels can be effectively traced. The control program clearly defines the methods of traceability for different products of the Group and the reasons for such traceability, which are carried out by two methods, i.e. positive traceability (i.e. from the source of the product to the user) and reverse traceability (i.e. from the user of the product to other information).

**Product Positive Traceability Program**




In addition, in order to safeguard the safety of our products in actual application scenarios, the Group has established the "Domestic Adverse Event Monitoring, Re-evaluation and Product Recall System" in accordance with the requirements of the regulatory authorities, and has formulated a comprehensive response mechanism for possible product recalls. In 2024, we did not has any product recalls due to health and safety issues.

*4.2.2 Customer complaints*

While ensuring the quality and safety of our products, the Group attaches great importance to the rights and interests of our customers and is committed to enhancing customer satisfaction. We have established a comprehensive complaint feedback and handling mechanism to ensure that customer issues can be promptly responded to and effectively resolved. The Group has formulated the "Feedback and Complaint Handling Control Procedures", which clearly specifies the requirements in respect of departmental responsibilities, channels for receiving complaints, timeframe for handling, product protection, complaint handling process, improvement measures and record keeping, etc. to ensure the efficient operation of the complaint management system.

# Environmental, Social and Governance Report (Continued)

In terms of complaint handling, the Marketing and Sales Department, the Quality and Regulatory Department, the Technical Department and the Production and Operation Department are responsible for responding to customer feedback to ensure that each and every complaint is immediately accepted and properly resolved. After detailed investigation and internal analysis, we will provide customers with professional responses and solutions according to the actual situation. Meanwhile, after the complaints are resolved, the Group will proactively track customer satisfaction and collect their feedback on the handling results to ensure that improvement measures are truly implemented to further optimize the quality of products and services. In 2024, the Group carried out internal analysis was completed on the customer complaint cases received for commercialized products in sale and handling solutions were provided to the customers, and all of them were understood and accepted by the customers. All complaints were understood and accepted by the customers. We continue to pay attention to the performance of our products in actual applications and further optimize our product design and production process based on the feedback from the complaints to ensure continuous improvement in user experience and product safety.

The Group will continue to strengthen the monitoring and analysis of customer feedback and conduct in-depth studies and improvements in response to problems that have arisen to ensure that the quality and safety of our products will continue to improve. We will minimize the occurrence of similar problems and further enhance customer satisfaction by strengthening internal quality management, optimizing product design and upgrading compatibility testing standards.

### *4.2.3 Intellectual Property Management*

The Group attaches great importance to the management of intellectual property rights and strictly complies with relevant domestic and foreign laws and regulations, including but not limited to the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China and the Implementation Rules of the Patent Law of the People's Republic of China. In order to ensure the compliance and effective management of intellectual property rights, the Group has formulated the Intellectual Property Manual, which is revised every two years to ensure that the management system is synchronized with the latest regulations and industry development.

In order to strengthen the internal management of intellectual property rights, the Group has set up a dedicated intellectual property department, which is responsible for core tasks such as patent layout, protection of technological innovation, tracking and analysis of competitors' intellectual property rights and prevention of intellectual property risks. Through regular patent searches and technology competition analysis, we ensure that our innovations are adequately protected while reducing potential infringement risks. In addition, the Group has published the "Policy on Patent Incentives of HeartCare Medical", which motivates employees to actively participate in technological innovation through the patent incentive mechanism and promotes the continuous deepening of intellectual property protection. In respect of the construction of the enterprise intellectual property management system, the Group has established the GBT29490–2013 "Enterprise Intellectual Property Management Standards" in compliance with the national standards and continues to optimize the intellectual property management process to safeguard the market competitiveness of technological innovations.

In 2024, the Group was recognized by the Shanghai Intellectual Property Protection Center of Lingang New Area as a "Key Enterprise of Intellectual Property Protection in Lingang New Area", an honor which further demonstrated the Company's industry influence in the field of intellectual property management and technological innovation.

# Environmental, Social and Governance Report (Continued)

In addition, during the Reporting Period, the Group added a total of 59 new patents for intellectual property protection, covering a wide range of fields such as minimally invasive medical devices and utility model instruments, which fully demonstrated the high importance we attach to independent technological innovation. In the future, the Group will continue to strengthen its patent layout and management, actively respond to market competition and technological changes, and further enhance its technological competitiveness and intellectual property protection level.

### *4.2.4 Customer Data Protection and Privacy Policy*

The Group adheres to strict compliance with relevant domestic and foreign laws and regulations, including but not limited to the Personal Information Protection Law of the People's Republic of China, the Data Security Law of the People's Republic of China and the Network Security Law of the People's Republic of China, in order to ensure the security of customer information and privacy protection. We have implemented a comprehensive information protection system internally and adopted both technical and management measures to protect all sensitive data and information relating to the Group and its stakeholders.

To strengthen our internal management, we have set out clearly in our staff handbook the code of conduct for all staff and implemented a system of total confidentiality to ensure that each staff member signs a confidentiality agreement and strictly fulfills confidentiality obligations, so as to protect the confidential information of the Company and our customers. We also conduct regular training on privacy protection and data security to ensure that our staff are fully aware of the Group's policies, systems and procedures on customer data protection, so as to protect customers' personal information from being infringed upon.

To ensure that our data protection measures continue to comply with the latest legal requirements, the Group has set up a regular audit mechanism to conduct regular checks on various initiatives and make timely optimization of our strategies in accordance with changes in the industry and updates in the law, so as to ensure that we comply with the laws and regulations and continue to enhance our privacy protection efforts.

## 4.3 ANTI-CORRUPTION

The Group always adheres to high ethical standards and strictly complies with domestic and international anti-corruption, anti-bribery and anti-money laundering laws and regulations, including but not limited to the Anti-Money Laundering Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and the relevant laws of the regions where the Group's business operates. We are fully aware that, as an enterprise focusing on the provision of high-quality medical devices, integrity and transparency are the cornerstones of our development and therefore attach great importance to anti-corruption efforts.

To this end, the Group has formulated and implemented a stringent internal control mechanism, set up a specific anti-corruption system and code of conduct through the specifications in the staff handbook, and established the "Anti-corruption and Anti-commercial Bribery System" to strengthen the prevention of corrupt practices. In this system, we have set out in detail the prohibited behaviors and specific anti-corruption measures to ensure that the internal environment of the Company remains clean and transparent.

# Environmental, Social and Governance Report (Continued)

In addition, the Group has established a reporting mechanism whereby the internal audit department is responsible for monitoring and tracking all anti-corruption incidents. We insist on zero tolerance for all acts of corruption and will take disciplinary actions against employees who have violated the regulations in accordance with the facts, and will immediately terminate their employment relationship and pursue legal responsibility for serious cases.

The Board of Directors of the Group, as the highest decision-making body for the Company's compliance management, is primarily responsible for the effectiveness of compliance management. To promote compliance with relevant laws and regulations by all employees, we provide regular anti-corruption and anti-bribery compliance training to our employees and require those representatives who have business interactions with healthcare professionals to attend compliance training on a regular basis. 855 hours of anti-corruption related training were provided to our employees in 2024, including employees of all ranks, genders and regions, reflecting our strong commitment to upholding ethical conduct. This reflects our strong commitment to upholding ethical conduct. During the Reporting Period, the Group did not have any cases involving corruption allegations.

The Group will continue to strengthen its internal management and supervisory mechanisms and continuously enhance the legal awareness and ethical standards of its staff to ensure that any form of non-compliance with rules and regulations will be eliminated at the root of the problem and to safeguard the clean image of the enterprise.

# Environmental, Social and Governance Report (Continued)

## 5 HKEX ESG REPORTING GUIDE INDEX

| Subject Areas, Aspects, General Disclosures and KPIs | | Reference/Remarks | |
|---|---|---|---|
| **A. Environmental** | | | |
| **Aspect A1: Emission** | | | |
| General Disclosure | | 2.1 | EMISSION |
| KPI A1.1 | The types of emissions and respective emissions data. | 2.1.1 | Emission Management |
| 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). | 2.1.1 | Emission Management |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 2.1.1 | Emission Management |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 2.1.1 | Emission Management |
| KPI A1.5 | Description of emission target(s) set and steps taken to achieve them. | 2.1.2 | Emission and Waste Reduction Measures and 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. | 2.1.2 | Emission and Waste Reduction Measures and Targets |
| **Aspect A2:Use of Resources** | | | |
| General Disclosure | | 2.2 | 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). | 2.2.1 | Resources Management |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | 2.2.1 | Resources Management |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | 2.2.2 | Energy Efficiency Targets and Measures |
| 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. | 2.2.3 | Water Sources, Targets and Measures to Enhance Water Efficiency |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | 2.2.1 | Resources Management |
| **Aspect A3: The Environment and Natural Resources** | | | |
| General Disclosure | | 2.3 | 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. | 2.3 | ENVIRONMENT AND NATURAL RESOURCES |
| **Aspect A4: Climate Change** | | | |
| General Disclosure | | 2.4 | RESPONSE TO 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. | 2.4.1 | Significant Climate-related Issues |

# Environmental, Social and Governance Report (Continued)

| Subject Areas, Aspects, General Disclosures and KPIs | | Reference/Remarks |
|---|---|---|
| **B. Social** | | |
| **Employment and Labour Practices** | | |
| **Aspect B1: Employment** | | |
| General Disclosure | | 3.1 EMPLOYMENT |
| KPI B1.1 | Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region. | 3.1.7 Current Employment |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | 3.1.8 Employee Turnover |
| **Aspect B2: Health and Safety** | | |
| General Disclosure | | 3.2 EMPLOYEE HEALTH AND SAFETY |
| KPI B.2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | 3.2 EMPLOYEE HEALTH AND SAFETY |
| KPI B.2.2 | Lost days due to work injury. | 3.2 EMPLOYEE HEALTH AND SAFETY |
| KPI B.2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | 3.2 EMPLOYEE HEALTH AND SAFETY |
| **Aspect B3: Development and Training** | | |
| General Disclosure | | 3.3 EMPLOYEE DEVELOPMENT AND TRAINING |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | 3.3.1 Employee Training |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | 3.3.1 Employee Training |
| **Aspect B4: Labour Standards** | | |
| General Disclosure | | 3.1 EMPLOYMENT<br>3.4 PREVENT CHILD LABOR OR FORCED LABOR |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | 3.4 PREVENT CHILD LABOR OR FORCED LABOR |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | 3.4 PREVENT CHILD LABOR OR FORCED LABOR |
| **Operating Practices** | | |
| **Aspect B5: Supply chain Management** | | |
| General Disclosure | | 4.1 OPERATIONS MANAGEMENT |
| KPI B5.1 | Number of suppliers by geographical region. | 4.1.1 Supplier Management |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | 4.1.1 Supplier Management<br>4.1.2 Procurement 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. | 4.1.1 Supplier Management<br>4.1.2 Procurement 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. | 4.1.1 Supplier Management<br>4.1.2 Procurement Management |

# Environmental, Social and Governance Report (Continued)

| Subject Areas, Aspects, General Disclosures and KPIs | | Reference/Remarks | |
|---|---|---|---|
| **Aspect B6: Product Responsibility** | | | |
| General Disclosure | | 4.2 | PRODUCT RESPONSIBILITY |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | 4.2.1 | Health and Safety of Products and Services |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | 4.2.2 | Customer Complaints |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | 4.2.3 | Intellectual Property Managements |
| KPI B6.4 | Description of quality assurance process and recall procedures. | 4.2.1 | Health and Safety of Products and Services |
| KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | 4.2.4 | Customer Data Protection and Privacy Policy |
| **Aspect B7: Anti-Corruption** | | | |
| General Disclosure | | 4.3 | ANTI-CORRUPTION |
| 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. | 4.3 | ANTI-CORRUPTION |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | 4.3 | ANTI-CORRUPTION |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | 4.3 | ANTI-CORRUPTION |
| **Community** | | | |
| **Aspect B8: Community Investment** | | | |
| General Disclosure | | 3.5 | COMMUNITY INVESTMENT |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | 3.5 | COMMUNITY INVESTMENT |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | 3.5 | COMMUNITY INVESTMENT |

# Report of Directors

The Board of Directors is pleased to submit this report together with the audited financial statements of the Group for the Reporting Period.

## PRINCIPAL ACTIVITIES

The Company and its subsidiaries are principally engaged in the research, development, manufacturing and sale of neuro-interventional medical devices. The activities of the Company's subsidiaries are set out in Note 1 to the financial statements.

An analysis of the Company's revenue and operating profit for the year by principal activities is set out in the section headed "Management's Discussion and Analysis" in this annual report and the statement of loss and comprehensive loss in the financial statements.

## BUSINESS REVIEW

A fair review of the business of the Group as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), comprising a discussion and analysis of the Group's performance during the year, a description of the principal risks and uncertainties facing the Company, particulars of important events affecting the Group that have occurred since the end of the financial year, and an indication of likely future development in the business of the Group are provided in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Report of Directors" of this annual report. Discussions on the Group's environmental policies and performance, the Group's compliance with the relevant laws and regulations that have a significant impact on the Group, and an account of the Group's key relationships with its stakeholders that have a significant impact on the Group and on which the Group's success depends, are provided in the sections headed "Environmental, Social and Governance Report", "Report of Directors" and "Corporate Governance Report" of this annual report. All such discussions form part of this report.

## RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 115 of this annual report.

## FINAL DIVIDENDS

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

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

## DONATIONS

Charitable and other donations made by the Group during the Reporting Period amounted to RMB1.3 million (2023: nil).

## SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended December 31, 2024 and details of the shares issued in the year ended December 31, 2024 are set out in Note 27 to the financial statements.

# Report of Directors (Continued)

## ISSUE OF DEBENTURES

The Company did not have any debentures in issue for the year ended December 31, 2024 (2023: nil).

The Company proposed to apply to the relevant PRC authorities for the potential issuance of A shares to be listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange and has extended the validity period of the shareholders' authorization of the proposed listing to November 6, 2025.

## DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company did not have any distributable reserves (2023: nil).

## BANK LOANS AND OTHER BORROWINGS

The Group did not have any outstanding bank loans or other borrowings as at December 31, 2024 (2023: nil).

## EQUITY LINKED AGREEMENTS

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

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, or the laws of the PRC, which would oblige the Company to offer new shares of the Company on a pro-rata basis to its existing shareholders.

## FINANCIAL SUMMARY

A summary of the Company's results and assets and liabilities for the last five financial years are set out in the section headed "Financial Summary" of this annual report. This summary does not form part of the audited financial statements.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Except the Shares purchased by the trustee at the Company's instruction pursuant to the 2021 H Share Incentive Scheme as disclosed in the section headed "Share Incentive Scheme" in this annual report. Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any) during the Reporting Period. The Company does not have any treasury shares as defined under Listing Rules as at December 31, 2024.

# Report of Directors (Continued)

## SHARE SCHEMES

Saved as the 2021 H Share Incentive Scheme disclosed below, neither the Company nor its subsidiaries had any share scheme during the year ended December 31, 2024.

## SHARE INCENTIVE SCHEME

### The 2021 H Share Incentive Scheme

The Shareholders have adopted the 2021 H Share Incentive Scheme by a special resolution on November 1, 2021 (and further amended the 2021 H Share Incentive Scheme by ordinary resolution on June 10, 2022 and May 20, 2024). The following is a summary of the principal terms of the 2021 H Share Incentive Scheme. Please refer to the Company's circulars dated October 11, 2021, April 11, 2022 and April 17, 2024 for further information.

*(a)* *Purpose of the Share Award Scheme*

The purposes of the 2021 H Share Incentive Scheme are (i) to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company; (ii) to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and (iii) to (a) recognize the contributions of the leadership of the Company including the Directors; (b) encourage, motivate and retain the leadership of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (c) provide additional incentive for the leadership of the Company and long standing employee by aligning the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

*(b)* *Participants*

Any individual who is a Director, senior management, key operating team member, employee, or, a consultant of the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award (as defined below) pursuant to the 2021 H Share Incentive Scheme is not permitted under the laws and regulations (including the relevant PRC laws and the Listing Rules) or where, in the view of the Board or the Delegatee (as defined below), in compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the 2021 H Share Incentive Scheme and such individual shall therefore be excluded therefrom (an "Eligible Participant").

*(c)* *Awards*

An award of H Shares (the "Award Share(s)") pursuant to the 2021 H Share Incentive Scheme (the "Award(s)") granted by the Board to participants ("Selected Participant(s)") who are Eligible Participants. In determining the Selected Participants, the Board may take into consideration matters including the present and expected contribution of the relevant Selected Participant to the Group. A grant shall be made by an Award letter to each Selected Participant, specifying the Grant Date, the manner of acceptance of the Award, the value of the Award and/or number of Award Shares underlying the Award (with the basis on which the number of Award Shares underlying the Award is arrived at), the vesting criteria and conditions, and the Vesting Date and such other details as might be required. Any price to be paid in relation to the grant shall be determined by the Delegatee with the authorization of the Board at their discretion. The Selected Participants may be required to pay a specific per Award Share amount at the time of grant (or at such other time) as stipulated in the grant letter for each Award.

# Report of Directors (Continued)

(d) *Term*

Subject to any early termination of the 2021 H Share Incentive Scheme pursuant to its rules, the 2021 H Share Incentive Scheme shall be valid and effective for 10 years commencing from November 1, 2021 (after which no Awards shall be granted), and thereafter for so long as there are non-vested Award Shares granted under the 2021 H Share Incentive Scheme prior to the expiration of the 2021 H Share Incentive Scheme, in order to give effect to the vesting of such Award Shares. The remaining life of the scheme is approximately 7 years.

(e) *Vesting*

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

(A) Vesting Schedule

Unless otherwise specified in an Award letter, and subject to the vesting conditions set out in the 2021 H Share Incentive Scheme rules, two types of Awards may generally be granted, (i) 3-year Awards shall be vested in three installments commencing from June 30 of the following year (in relation to Awards of not more than 3,000,000 H Shares); and (ii) 1-year Awards shall be granted on or before June 30 of a year and vested by the end of the year (300,000 H Shares may be granted each year during the life of the 2021 H Share Incentive Scheme). The specific commencement and duration of each vesting period and the actual vesting amount of the Award granted to a Selected Participant for the respective vesting periods shall be specified in the Award Letter approved by the Board or the Delegatee.

The vesting periods of the Awards granted under the 2021 H Share Incentive Scheme or the Awards to be satisfied by the application of any Award Shares which were not vested and/or are lapsed, canceled or forfeited shall be determined by the Board or the Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the Award Period at the time of grant.

(B) Vesting Conditions

Vesting of the Award granted under the 2021 H Share Incentive Scheme is subject to the conditions of the performance indicators of the Company and any other applicable vesting conditions (such as payment of a vesting amount by the Selected Participant) as set out in the Award letter.

The details of the performance indicators of the Company (if any) shall be determined by the Board or the Delegatee from time to time with reference to the business performance and financial condition of the Company and the then market conditions and shall be set out in the Award letter. If the Selected Participant fails to fulfil the vesting conditions applicable to the relevant Awards, all the Award Shares underlying the relevant Awards which may otherwise be vested during the respective Vesting Periods shall not be vested and become immediately forfeited with respect to such Selected Participant.

The Trustee (as defined below) shall be instructed to release the Award Shares to a Selected Participant upon satisfaction of the conditions on the applicable vesting date.

# Report of Directors (Continued)

(f) *Restriction on Grant of Awards*

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

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

(ii) where any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the 2021 H Share Incentive Scheme;

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

(iv) where such grant of Award would result in a breach of the 2021 H Share Incentive Scheme Limit;

(v) after the expiry of the Award period or after the earlier termination of the 2021 H Share Incentive Scheme;

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

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

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

# Report of Directors (Continued)

(g) *General and Maximum Limit*

The maximum number of H Shares which may be granted under the 2021 H Share Incentive Scheme is 3,000,000 H Shares, representing approximately 9.5% and 7.7% of the Company's H Shares and total issued share capital as of the date of this report, respectively. As of January 1, 2024 and December 31, 2024, the total number of Shares available to be awarded under the 2021 H Share Incentive Scheme is 2,703,900 Shares and 1,982,600 Shares, respectively. Awards under the 2021 H Share Incentive Scheme shall be granted in accordance with the applicable Listing Rules and each Selected Participant shall not have unvested Awards exceeding 1% of the Company's issued share capital at the relevant time.

The 2021 H Share Incentive Scheme is administered by the Board, the management committee of the 2021 H Share Incentive Scheme or any other person or committee as the Board may delegate (a "Delegatee"). A trustee (the "Trustee") has been appointed by the Company for the purpose of administering the trust underlying the 2021 H Share Incentive Scheme, who shall, amongst other things, acquire H Shares to be granted to Selected Participants through on-market transactions at the prevailing market price in accordance with the instructions of the Company and the relevant provisions of the 2021 H Share Incentive Scheme rules. No new H Shares may be allotted and issued pursuant to the 2021 H Share Incentive Scheme. Neither the Selected Participant nor the Trustee may exercise any voting rights attached to any H Shares held by the Trustee under the Trust (including any Award Shares that have not yet vested).

Set for below are particulars of the Awards granted pursuant to the 2021 H Share Incentive Scheme:

| | Date of grant | Number of awards | | | | | |
|---|---|---|---|---|---|---|---|
| | | As of January 1, 2024 | Granted during the Reporting Period | Exercised and/or vested during the Reporting Period | Cancelled during the Reporting Period | Forfeited/lapsed during the Reporting Period | As of December 31, 2024 |
| **Mr. Wei Jiawei** | June 7, 2024[3] | — | 240,000 | — | — | — | 240,000 |
| **Other employees of the Group** | January 1, 2022[1] | 235,500 | — | 116,500 | — | 119,000 | — |
| | June 30, 2023[2] | 60,600 | — | — | — | 28,000 | 32,600 |
| | June 7, 2024[3] | — | 628,300 | 13,300 | — | — | 615,000 |
| Sub-total | | 296,100 | 868,300 | 129,800 | — | 147,000 | 887,600 |
| *Five highest paid employees (including Directors)* | January 1, 2022[1] | 8,000 | — | 8,000 | — | — | — |
| | June 7, 2024[3] | — | 631,450 | 1,450 | — | — | 630,000 |

*Notes:*

(1) Subject to vesting conditions including fulfilment of the grantee's individual performance target of achieving a B grading or above for all personal evaluations between the date of grant and vesting, 100% of Awards granted to each grantee shall be vested and awarded on December 31, 2024.

# Report of Directors (Continued)

(2) The Awards were granted on June 30, 2023. Subject to vesting conditions including fulfilment of the grantee's individual performance target of achieving a B grading or above for all personal evaluations between the date of grant and vesting and each Grantee is required to pay RMB22 per Share at a time to be agreed with the Company, 100% of Awards granted to each grantee shall be vested and awarded on December 31, 2025.

(3) The Awards granted during the Reporting Period was granted on June 7, 2024, and the closing price of the Shares immediately before the grant date was HK$18.0 per Share. No consideration is payable by the grantees for the acceptance of the Awards. The fair value representing the Award granted were approximately RMB13.3 million (RMB15.37 each) based on the accounting standards and policies as set for in the Company's annual report. There are two types of Awards, (i) 1-year period vesting Awards, granting 13,300 awarded Shares to the grantees, and (ii) 3-year period vesting Awards, granting 855,000 awarded Shares to the grantees. The vesting conditions of the two types of Awards are (i) for the 1-year period Awards, fulfilment of the grantee's individual performance target of achieving an A grading or above for all personal evaluations in the assessment year immediately prior to the date of grant, 100% of Awards granted to each grantee shall be vested and awarded on December 31, 2024; and (ii) for the 3-year period Awards, fulfilment of the grantee's performance target of each year, 20%, 30%, and 50% of Awards granted to each grantee shall be vested and awarded on June 30, 2025, June 30, 2026, and June 30, 2027, respectively.

## DIRECTORS AND SUPERVISORS

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

### Executive Directors

Mr. WANG Guohui *(Chairman, Chief executive officer)*
Ms. ZHANG Kun
Mr. WEI Jiawei *(Deputy general manager)*

### Non-executive Directors

Mr. DING Kui
Mr. CHEN Shaoxiong
Mr. CHEN Gang

### Independent Non-executive Directors

Mr. GUO Shaomu
Mr. FENG Xiangqian
Mr. GONG Ping

## SUPERVISORS

Mr. JIANG Xinbei
Ms. JIANG Xue
Mr. XUE Zongyu *(resigned on March 27, 2025)*
Mr. LIU Baiwei *(appointed on March 27, 2025)*

The Company has received written confirmation from all Independent Non-executive Directors regarding their independence as required under Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors to be independent.

# Report of Directors (Continued)

## CHANGES IN DIRECTORS' INFORMATION

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

## DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

The Company has entered into a service agreement with each of the Directors and Supervisors which contains provisions in relation to, among other things, compliance of relevant laws and regulations, observation of the Articles of Association and provisions on arbitration.

The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following his/her respective appointment date; and (b) each of the agreements is subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

The Company has not entered, and does not propose to enter, into any service contracts with any of the Directors or Supervisors in their respective capacities as Directors/Supervisors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director, a Supervisor and any entity connected with them had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management are set out from pages 17 to 26 of this annual report.

# Report of Directors (Continued)

## DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

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

### Interests of directors, supervisors and chief executive in the Company

| Name of Director/ Supervisor/Chief Executive | Class of Shares | Capacity | Number of Securities/ Nature of Shares Held | Approximate Percentage of Shareholding in Total Issued Share Capital of the Company | Approximate Percentage of Shareholding in Relevant Class of Shares |
|---|---|---|---|---|---|
| Wang Guohui[1] | Unlisted Shares | Beneficial Owner and Interest in controlled corporation | 3,188,110/ Long Position | 8.21% | 43.86% |
| | H Shares | | 8,152,618/ Long Position | 20.99% | 25.83% |
| Ding Kui[2] | Unlisted Shares | Beneficial Owner and Interest of Spouse | 782,908/ Long Position | 2.02% | 10.77% |
| | H Shares | | 2,383,700/ Long Position | 6.14% | 7.55% |
| Zhang Kun[3] | Unlisted Shares | Beneficial owner and Interest of Spouse | 1,566,488/ Long Position | 4.03% | 21.55% |
| | H Shares | | 1,566,488/ Long Position | 4.03% | 4.96% |
| Wei Jiawei[4] | H Shares | Beneficial Owner | 240,000/ Long Position | 0.62% | 0.76% |
| Xue Zongyu[5] | H Shares | Beneficial Owner | 150,000/ Long Position | 0.39% | 0.48% |
| Jiang Xue[6] | H Shares | Beneficial Owner | 5,000/ Long Position | 0.01% | 0.02% |

*Notes:*

(1) Mr. Wang Guohui directly holds 1,915,690 Unlisted Shares and 1,915,690 H Shares. Mr. Wang acts as the general partner of Shanghai Weizheng Enterprise Management Consulting Partnership (LP) (上海瑋鉦企業管理諮詢合夥企業(有限合夥)) ("Weizheng Shanghai") (formerly known as Ningbo Meishan Bonded Port Area Xinwei Investment Management Partnership (LP) (寧波梅山保税港區心瑋投資管理合夥企業(有限合夥)) ("Xinwei Investment") and Shanghai Zandaqian Enterprise Management Consulting Center (上海贊大乾企業管理諮詢中心) ("Shanghai Zandaqian") acts as the general partner of Ningbo Meishan Bonded Port Area Kaiyuan Investment Management Partnership (LP) (寧波梅山保税港區楷遠投資管理合夥企業(有限合夥)) ("Kaiyuan Investment"), Shanghai Weiyun Enterprise Management Consulting Partnership (LP) (上海瑋鋆企業管理諮詢合夥企業(有限合夥)) ("Weiyun Shanghai") and Shanghai Weiyu Enterprise Management Consulting Partnership (LP) (上海瑋鈺企業管理諮詢合夥企業(有限合夥)) ("Weiyu Shanghai"). Shanghai Zandaqian is a sole proprietorship wholly owned by Mr. Wang. By virtue of the SFO, Mr. Wang Guohui is deemed to be interested in the Shares in which Weizheng Shanghai, Kaiyuan Investment, Weiyu Shanghai and Weiyun Shanghai are interested in and Shanghai Zandaqian is deemed to be interested in the Shares in which Kaiyuan Investment, Weiyu Shanghai and Weiyun Shanghai are interested in.

# Report of Directors (Continued)

(2) Mr. Ding Kui directly holds 782,908 Unlisted Shares and 782,908 H Shares. Mr. Ding is also deemed to be interested in the 1,600,792 H Shares held by Wisary Limited, an entity controlled by his spouse, Ms. Li Jun.

(3) Ningbo Tongchuangsuwei Investment Partnership (LP) (寧波同創速維投資合夥企業(有限合夥)) ("Tongchuangsuwei") directly holds 869,330 Unlisted Shares and 869,330 H Shares. Ms. Zhang Kun directly holds 697,158 Unlisted Shares and 697,158 H Shares. Mr. Chai Yanpeng, as the general partner of Tongchuangsuwei, is the spouse of Ms. Zhang Kun. By virtue of the SFO, Mr. Chai Yanpeng is deemed to be interested in the Shares in which Ms. Zhang Kun and Tongchuangsuwei is interested in and Ms. Zhang Kun is deemed to be interested in the Shares in which Mr. Chai Yanpeng is interested in.

(4) Mr. Wei Jiawei is interested in 240,000 award shares granted to him pursuant to the Company's 2021 H Share Incentive Scheme which shall be vested in accordance with the terms of the grant between June 30, 2025 to June 30, 2027.

(5) Mr. Xue Zongyu is interested in 150,000 award shares granted to him pursuant to the Company's 2021 H Share Incentive Scheme which shall be vested in accordance with the terms of the grant between June 30, 2025 to June 30, 2027.

(6) Ms. Jiang Xue is interested in 5,000 award shares granted to her pursuant to the Company's 2021 H Share Incentive Scheme which shall be vested in accordance with the terms of the grant on December 31, 2025.

Save as disclosed above and to the best knowledge of the Directors, the Supervisors and chief executive of the Company, as at December 31, 2024, none of the Directors, the Supervisors or chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or 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 THE SHARES, UNDERLYING SHARES OF THE COMPANY

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

| Name of Shareholders | Class of Shares | Capacity | Number of Securities/ Nature of Shares Held | Approximate Percentage of Shareholding in Total Issued Share Capital of the Company | Approximate Percentage of Shareholding in Relevant Class of Shares |
|---|---|---|---|---|---|
| Ms. Zhang Yanxia(1) | Unlisted Shares | Interest of spouse | 3,188,110/ Long Position | 8.21% | 43.86% |
| | H Shares | | 8,152,618/ Long Position | 20.99% | 25.83% |
| Shanghai Zandaqian Enterprise Management Consulting Center(2) | Unlisted Shares | Interest in controlled corporation | 496,183/ Long Position | 1.28% | 6.83% |
| | H Shares | | 4,777,225/ Long Position | 12.30% | 15.13% |

# Report of Directors (Continued)

| Name of Shareholders | Class of Shares | Capacity | Number of Securities/ Nature of Shares Held | Approximate Percentage of Shareholding in Total Issued Share Capital of the Company | Approximate Percentage of Shareholding in Relevant Class of Shares |
|---|---|---|---|---|---|
| Shanghai Weizheng Enterprise Management Consulting Partnership (LP)(2) | Unlisted Shares | Beneficial owner | 776,237/ Long Position | 2.00% | 10.68% |
| | H Shares | | 1,459,703/ Long Position | 3.76% | 4.62% |
| Ningbo Meishan Bonded Port Area Kaiyuan Investment Management Partnership (LP)(2) | H Shares | Beneficial owner | 1,277,192/ Long Position | 3.29% | 4.05% |
| Shanghai Weiyu Enterprise Management Consulting Partnership (LP)(2) | Unlisted Shares | Beneficial owner | 496,183/ Long Position | 1.28% | 6.83% |
| | H Shares | | 700,033/ Long Position | 1.80% | 2.22% |
| Shanghai Weiyun Enterprise Management Consulting Partnership (LP)(2) | H Shares | Beneficial owner | 2,800,000/ Long Position | 7.21% | 8.87% |
| Mr. Chai Yanpeng(3) | Unlisted Shares | Interest in controlled corporation and Interest of spouse | 1,566,488/ Long Position | 4.03% | 21.55% |
| | H Shares | | 1,566,488/ Long Position | 4.03% | 4.96% |
| Ningbo Tongchuangsuwei Investment Partnership (LP)(3) | Unlisted Shares | Beneficial owner | 869,330/ Long Position | 2.24% | 11.96% |
| | H Shares | | 869,330/ Long Position | 2.24% | 2.75% |
| SDIC Unity Capital National Emerging Industry Venture Capital Guiding Fund (LP)(4) | Unlisted Shares | Beneficial owner | 906,220/ Long Position | 2.33% | 12.47% |
| | H Shares | | 906,220/ Long Position | 2.33% | 2.87% |
| Temasek Life Sciences Private Limited(5) | H Shares | Interest in controlled corporation | 1,627,907/ Long Position | 4.19% | 5.16% |
| Fullerton Management Pte Ltd.(5) | H Shares | Interest in controlled corporation | 1,627,907/ Long Position | 4.19% | 5.16% |
| Temasek Holdings (Private) Limited(5) | H Shares | Interest in controlled corporation | 1,767,907/ Long Position | 4.55% | 5.60% |

# Report of Directors (Continued)

| Name of Shareholders | Class of Shares | Capacity | Number of Securities/ Nature of Shares Held | Approximate Percentage of Shareholding in Total Issued Share Capital of the Company | Approximate Percentage of Shareholding in Relevant Class of Shares |
|---|---|---|---|---|---|
| LYFE Columbia River Limited[(6)] | Unlisted Shares | Beneficial owner | 152,599/ Long Position | 0.39% | 2.10% |
| | H Shares | | 2,899,373/ Long Position | 7.47% | 9.19% |
| LYFE Ohio River Limited[(6)] | Unlisted Shares | Beneficial owner | 49,147/ Long Position | 0.13% | 0.68% |
| | H Shares | | 933,784/ Long Position | 2.40% | 2.96% |
| Raritan River Limited[(6)] | Unlisted Shares | Beneficial owner | 65,116/ Long Position | 0.17% | 0.90% |
| | H Shares | | 1,237,210/ Long Position | 3.19% | 3.92% |
| LYFE Capital Fund III (Dragon), L.P.[(6)] | Unlisted Shares | Beneficial owner and Interest in controlled corporation | 201,746/ Long Position | 0.52% | 2.77% |
| | H Shares | | 4,060,457/ Long Position | 10.46% | 12.86% |
| LYFE Capital Management Limited[(6)] | Unlisted Shares | Interest in controlled corporation | 266,862/ Long Position | 0.69% | 3.67% |
| | H Shares | | 5,297,667/ Long Position | 13.64% | 16.78% |
| Wisary Limited[(7)] | H Shares | Beneficial owner | 1,600,792/ Long Position | 4.12% | 5.07% |

*Notes:*

(1) Ms. Zhang Yanxia is the spouse of Mr. Wang. By virtue of the SFO, Ms. Zhang Yanxia is deemed to be interested in the Shares in which Mr. Wang is interested in.

(2) Mr. Wang Guohui directly holds 1,915,690 Unlisted Shares and 1,915,690 H Shares. Mr. Wang Guohui acts as the general partner of Weizheng Shanghai and Shanghai Zandaqian acts as the general partner of Kaiyuan Investment, Weiyun Shanghai and Weiyu Shanghai. Shanghai Zandaqian is a sole proprietorship wholly owned by Mr. Wang. By virtue of the SFO, Mr. Wang is deemed to be interested in the Shares in which Weizheng Shanghai, Kaiyuan Investment, Weiyu Shanghai and Weiyun Shanghai are interested in and Shanghai Zandaqian is deemed to be interested in the Shares in which Kaiyuan Investment, Weiyu Shanghai and Weiyun Shanghai are interested in.

(3) Tongchuangsuwei directly holds 869,330 Unlisted Shares and 869,330 H Shares. Ms. Zhang Kun directly holds 697,158 Unlisted Shares and 697,158 H Shares. Mr. Chai Yanpeng, as the general partner of Tongchuangsuwei, is the spouse of Ms. Zhang Kun. By virtue of the SFO, Mr. Chai Yanpeng is deemed to be interested in the Shares in which Ms. Zhang Kun and Tongchuangsuwei is interested in and Ms. Zhang Kun is deemed to be interested in the Shares in which Mr. Chai Yanpeng is interested in.

# Report of Directors (Continued)

(4) SDIC Unity Capital National Emerging Industry Venture Capital Guiding Fund (LP) (國投創合國家新興產業創業投資引導基金(有限合夥)) ("SDIC Unity Capital") directly holds 906,220 Unlisted Shares and 906,220 H Shares. SDIC Unity Capital is a limited partnership incorporated in the PRC, whose general partner is SDIC Unity Capital Corporation Limited (國投創合基金管理有限公司). State Development and Hi-tech Investment Corp. (國投高科技投資有限公司), a wholly-owned subsidiary of China SDIC Gaoxin Industrial Investment Corp., Ltd. (中國國投高新產業投資有限公司), which is in turn controlled by State Development & Investment Corporation (國家開發投資集團有限公司) is a substantial shareholder of SDIC Unity Capital.

(5) Elbrus Investments Pte. Ltd. ("Elbrus") directly holds 1,627,907 H Shares. Elbrus is a wholly-owned subsidiary of Temasek Life Sciences Private Limited, which is in turn a wholly-owned subsidiary of Fullerton Management Pte Ltd, which is a wholly-owned subsidiary of Temasek Holdings (Private) Limited. By virtue of the SFO, Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are deemed to be interested in the 1,627,907 H Shares held by Elbrus. Aranda Investments Pte. Ltd. holds 140,000 H shares, which is controlled by Seletar Investments Pte Ltd. Seletar Investments Pte Ltd is controlled by Temasek Capital (Private) Limited. By virtue of the SFO, Temasek Capital (Private) Limited is deemed to be interested in the 140,000 H shares held by Aranda Investments Pte. Ltd.

(6) LYFE Columbia River Limited ("LYFE Columbia") directly holds 152,599 Unlisted Shares and 2,899,373 H Shares. LYFE Ohio River Limited ("LYFE Ohio") directly holds 49,147 Unlisted Shares and 933,784 H Shares. Raritan River directly holds 65,116 Unlisted Shares and 1,237,210 H Shares. LYFE Capital Fund III (Dragon), L.P. directly holds 227,300 H shares. LYFE Columbia and LYFE Ohio are controlled by LYFE Capital Fund III (Dragon), L.P., which was in turn controlled by LYFE Capital Management Limited. Raritan River Limited ("Raritan River") is controlled by LYFE Capital Management Limited, which is ultimately controlled by Mr. Zhao Jin (趙晉), an Independent Third Party. By virtue of the SFO, LYFE Capital Fund III (Dragon), L.P., is deemed to be interested in the Shares held by LYFE Columbia and LYFE Ohio while LYFE Capital Management Limited is deemed to be interested in the Shares held by LYFE Columbia, LYFE Ohio and Raritan River.

(7) Wisary Limited is controlled by Ms. Li Jun, the spouse of Mr. Ding Kui (an non-executive Director).

Save as disclosed above, as of December 31, 2024, the Directors were not aware of any persons (other than the Directors, the Supervisors or chief executive of the Company) who had interests and/or short positions in the shares or underlying Shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## MAJOR CUSTOMERS AND SUPPLIERS

### Major Customers

For the year ended December 31, 2024, the Group's sales to its five largest customers accounted for 84% (2023: 79%) of the Group's total revenue and our single largest customer accounted for 35% (2023: 35%) of the Group's total revenue.

### Major Suppliers

For the year ended December 31, 2024, the Group's five largest suppliers accounted for 23% (2023: 18%) of the Group's total purchases and our single largest supplier accounted for 7% (2023: 6%) of the Group's total purchases.

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

During the year ended December 31, 2024, the Group did not experience any significant disputes with its customers or suppliers.

# Report of Directors (Continued)

## CONNECTED TRANSACTIONS

On December 11, 2023, the Company and Mr. Xing Tingyu, Mr. Li Meng, Value Magnet Limited and Shanghai Shenji Zhixin Enterprise Management Consulting Partnership (Limited Partnership) (the "Purchasers") entered into an equity transfer agreement pursuant to which the Company conditionally agreed to sell its entire equity interest in Shenji Medical to the Purchasers for an aggregate consideration of RMB9.0 million. The disposal was completed in December 2023 and the amount due from Value Magnet Limited was settled in June 2024 in accordance with the term of the equity transfer agreement. For details of the transaction, please refer to the announcement of the Company dated December 11, 2023.

During the year ended December 31, 2024, the Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules.

## RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the Reporting Period are set out in Note 32 to the financial statements. Saved as otherwise disclosed in this annual report, none of the related party transactions constitute a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

## SUFFICIENCY OF PUBLIC FLOAT

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

## DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors, Supervisors or any of their respective associates were granted by the Company or its subsidiaries any right to acquire shares in, or debentures of, the Company or its subsidiary, or had exercised any such right during the Reporting Period.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

## CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

## KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that various stakeholders including employees, customers and suppliers and other business associates are key to Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationship with them.

For details of relationship with the employees, customers and suppliers, please refer to the subsection headed "Major Customers and Suppliers" and "Remuneration of Directors" in this section, as well as the section headed "Environment, Social and Governance Report".

## PERMITTED INDEMNITY PROVISIONS

Directors', Supervisors' and senior managements' liability insurance is in place for the directors and supervisor of the Company and its subsidiaries in respect of potential costs and liabilities arising from claims that may be brought against the directors and supervisors during the reporting period.

## PRINCIPAL RISKS AND UNCERTAINTIES

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

### Risks in relation to the substantial competition we face in discovering, developing or commercializing products.

The development and commercialization of new products is highly competitive. We face competition from major neuro-interventional medical devices producers worldwide. A number of companies in the global market currently market and sell neuro-interventional medical devices or are pursuing the development of such products for the treatment and prevention of stroke for which we are commercializing our products or developing our product candidates. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

The commercial success of our products depends upon the degree of market acceptance each of such products achieves. Neuro-interventional procedures are recently developed and introduced to the market. Our products for neuro-interventional procedures are relatively innovative and may not gain broad acceptance in the marketplace as anticipated. In addition, physicians, patients and third-party payors may prefer other novel products to ours. If our products do not achieve an adequate level of acceptance, we may not be able to generate significant product sales revenues and to achieve profitability. The degree of market acceptance of our products and product candidates depends on a variety of factors which may be beyond our control. If any products that we commercialize fail to achieve market acceptance among physicians, patients, hospitals, or others in the industry or if we fail to maintain good relationships with them, we will not be able to generate significant revenue.

### Risks of there being a downward change in pricing of our products may have a material adverse effect on our business and results of operations.

We sell all of our products to distributors who resell our products to hospitals. We sell products to our distributors at the price determined by us from time to time. When determining the price of our products sold to distributors, we consider factors such as prices of competing products, our costs and differences in features between our products and competing products. Hospitals may gain more bargaining power depending on the availability of alternative products, demands of patients and the preference of physicians. If hospitals lower retail prices of our products and therefore reduce the profitability of our distributors, our distributors may have less incentive to purchase and promote our products, and we may need to lower the order price we set for our distributors.

# Report of Directors (Continued)

### Risks relating to net losses incurred by us since our inception.

Investment in medical device development is highly speculative. It entails substantial upfront capital expenditures and significant risk that a product candidate will fail to gain regulatory approval or become commercially viable. We continue to incur significant expenses related to our ongoing operations. Typically, it takes many years to develop one new product from the time it is designed to when it is available for commercial sales. If any of our product candidates fails in clinical trials or does not gain regulatory approval, or if approved, fails to achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become and remain profitable would decrease the value of our Company and could impair our ability to raise capital, maintain our R&D efforts, expand our business or continue our operations.

### Risks relating to the highly regulated nature of the industry. Enacted and future legislation may also increase the difficulty and cost for us to obtain regulatory approval of and commercialize our product candidates.

In China and some other jurisdictions, a number of legislative and regulatory changes and proposed changes regarding healthcare could prevent or delay regulatory approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell our products and any product candidates for which we obtain regulatory approval. Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for medical devices. We cannot be sure whether additional legislative changes will be enacted, or whether NMPA regulations, guidance or interpretations will be changed, or what the impact of such changes on the regulatory approvals of our product candidates, if any, may be.

The medical device industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new devices. In recent years, the regulatory framework in China regarding the medical device industry has undergone significant changes, and we expect that it will continue to undergo significant changes. Any such changes or amendments may result in increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our product candidates in China and reduce the benefits we believe are available to us from developing and manufacturing neuro-interventional medical devices in China.

### Risks relating to manufacture of our products. If we or any of our suppliers or logistics partners encounters manufacturing, logistics, or quality problems, including as a result of natural disasters, our business could suffer.

The manufacture of many of our products is highly complex and subject to strict quality controls, due in part to rigorous regulatory requirements. In addition, quality is extremely important due to the serious and costly consequences of a product failure. Problems can arise during the manufacturing process for a number of reasons, including equipment malfunction, failure to follow protocols and procedures, raw material problems, software problems, or human error. If problems arise relating to our manufacturing processes or if we otherwise fail to meet our internal quality standards or those of the NMPA or other applicable regulatory body, which include detailed record-keeping requirements, our reputation could be damaged, we could become subject to a safety alert or a recall, we could incur product liability and other costs, product approvals could be delayed, and our business could otherwise be adversely affected.

# Report of Directors (Continued)

**Risks relating to patent protection for our products and product candidates through intellectual property rights.**

Our success depends in large part on our ability to protect our proprietary technology, products and product candidates from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We seek to protect the technology, products and product candidates that we consider commercially important by filing patent applications in the PRC and other countries, relying on trade secrets or medical regulatory protection or employing a combination of these methods. This process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We may also fail to identify patentable aspects of our R&D output before it is too late to obtain patent protection.

The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we license or own currently or in the future are to be issued as patents, they may not be issued in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. The patent position of medical device companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights can be highly uncertain.

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

## PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Company and the Group during the Reporting Period are set out in Note 14 to the consolidated financial statements.

## REMUNERATION OF DIRECTORS

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

Details of the emoluments of the Directors and five highest paid individuals are set out in notes 9 and 10 to the consolidated financial statements.

None of the Directors, Supervisors, and other employees who are the five highest paid individuals of the Group waived or agreed to waive any remuneration and there were no emoluments 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.

## RETIREMENT BENEFITS PLAN

The employees of the PRC companies are members of the state-managed retirement benefits scheme operated by the PRC government. They are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. Pursuant to the relevant laws and regulations, the Group is not in a position to forfeit contributions to such scheme and thus no contributions has therefore been forfeited.

# Report of Directors (Continued)

## 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 respective holding of the Company's securities.

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

## SUBSEQUENT EVENTS

Saved as disclosed in the section headed "Management Discussion and Analysis" of this annual report, there were no subsequent events between the end of the Reporting Period and the date of this annual report that would have a material impact on the Group.

## CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 27 to 44 of this annual report.

## ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS OF H SHARES

The annual general meeting of the Company will be held on Monday, May 26, 2025. A notice of convening the AGM and all other relevant documents will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.heartcare.com.cn, and dispatched to the Shareholders in the manner as required by the Listing Rules in due course.

The register of members of H Shares the Company will be closed from Saturday, April 26, 2025 to Monday, May 26, 2025 (both days inclusive), during which period no transfer of H Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, April 25, 2025.

## AUDIT COMMITTEE

The Audit Committee has reviewed together with the management and external auditors the accounting principles and policies adopted by the Company, the audited consolidated financial statements for the Reporting Period, and discussed internal control, risk management and financial reporting matters.

# Report of Directors (Continued)

## AUDITOR

The financial statements have been audited by Ernst & Young who will retire at the forthcoming AGM and, being eligible, offer themselves for re-appointment. Having been approved by the Board upon the Audit Committee's recommendation, a resolution for the reappointment of Ernst & Young as auditors of the Company for the ensuing year will be put to the forthcoming AGM for shareholder's approval.

**Mr. WANG Guohui**
*Chairman and Chief Executive Officer*
Shanghai, PRC
March 27, 2025

# Report of Supervisory Committee

In 2024, the Supervisory Committee of the Company exercised its supervision authority and performed its supervision responsibilities in accordance with the Company Law, Articles of Association, the Rules of Procedure for the Supervisory Committee and other relevant internal systems, with a responsible attitude towards all shareholders. The Supervisory Committee actively participated in supervising major corporate decisions to ensure the legality and compliance of the Company's operations, thereby safeguarding the legitimate rights and interests of the Company and all shareholders.

During the Reporting Period, by attending the meetings of the Board of Director and general meetings, the Supervisory Committee effectively supervised the Company's business activities, financial condition, major decisions, procedures for convening general meetings, and the performance of duties by Directors and senior management, and promoted the Company's standardized operation and normal development. The main work of the Supervisory Committee in 2024 is reported as follows:

## I. THE MEETINGS OF THE SUPERVISORY COMMITTEE

In 2024, the Supervisory Committee of the Company held three meetings in total. The convening of the Supervisory Committee meetings, as well as the content and signing of the resolutions were in compliance with the Company Law, the Securities Law, the Listing Rules and other relevant laws and regulations, and the Articles of Association and other relevant internal systems. There was no violation of laws by the Supervisory Committee to exercise its authority, and its operation was in good condition

## II. OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2024

### (I) The operation of the Company in accordance with law

During the Reporting Period, all members of the Supervisory Committee of the Company were in attendance at the general meetings and the meetings of the Board of Directors according to the authority conferred by laws and regulations and the Articles of Association, and effectively supervised the procedures for convening meetings of the Board of Directors and general meetings, the matters of the resolutions and the process of decision-making, the implementation by the Board of Directors of the resolutions of general meetings, the fulfillment of duties by the Directors and the senior management of the Company, the Company's internal control system and its lawfulness. All members of the Supervisory Committee of the Company also effectively supervised the truthfulness, accuracy, completeness and timeliness of disclosure of announcement information, and earnestly performed their duties and supervision responsibilities to practically safeguard the interests of the Company and the rights and interests of its shareholders. The Supervisory Committee believed that the procedures for convening general meetings and the meetings of the Board of Directors and resolutions were lawful and compliant, and the resolutions were effectively implemented; the internal control system of the Company was relatively sound and effectively implemented, ensuring the effectiveness and transparency of corporate governance; the Directors and senior management of the Company performed their duties faithfully and diligently by strictly abiding by laws, regulations and the Articles of Association; and there was no violation of laws, regulations or the Articles of Association, or damage to the interests of the Company and infringement of rights and interests of the Shareholders. The Directors and senior management of the Company have demonstrated a high degree of professional ethics and sense of responsibility in decision-making and operation management.

# Report of Supervisory Committee (Continued)

## (II) Financial status of the Company

During the Reporting Period, the Supervisory Committee of the Company conducted a careful and meticulous inspection on the Company's financial status and considered that the Company's financial system was sound with compliant financial operation, and no illegal misappropriation or loss of the Company's assets was found. There were no false records, misleading statements or major omissions, or occurrence of any situation that was detrimental to the interests of the Company and its shareholders. The Group's financial statements which comprise the consolidated balance sheets as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, and notes to the financial statements prepared in accordance with IFRS Accounting Standards, have been audited by Ernst & Young, and unqualified audit opinions were given on the financial statements as a whole. The Supervisory Committee of the Company considered that the opinions and the matters involved in the audit report issued by Ernst & Young gave an objective and fair view on the Company's actual situation, and the financial report reflected the financial status and operation results of the Company truthfully, accurately and completely.

## (III) Internal control of the Company

During the Reporting Period, the Supervisory Committee of the Company continuously strengthened the supervision of the soundness and effectiveness of the Company's internal control system and reviewed the establishment and operation of the Company's internal control system. The Supervisory Committee believed that the Company's internal control system was standardized and operated effectively. Activities such as corporate governance, daily operation, information disclosure and major matters were carried out in strict accordance with the provisions of the Company's various internal control systems, which ensured the healthy operation of the Company's various businesses and the control of operational risks.

## (IV) Implementation of resolutions of the Company's general meetings

During the Reporting Period, the Supervisory Committee supervised the implementation of the resolutions of general meetings. The Board of Directors has strictly followed the resolutions and authorizations of general meetings and earnestly implemented and completed the resolutions adopted at general meetings without violating or infringing the interests of shareholders.

## (V) Performance of duties by directors and senior management

During the Reporting Period, the Supervisory Committee supervised the performance of duties of the Directors and senior management of the Company, and considered that the Directors and senior management were diligent in their duties and conducted operations in accordance with the law. There was no case of the Directors and senior management taking advantage of their positions to seek personal interests, and no violation of laws and regulations, the Articles of Association or any acts that harm the Company's interests were found. The Directors and senior management were honest and law-abiding, and performed their duties faithfully and diligently so as to ensure the realization of the Company's objectives and the normal conduct of all work.

# Report of Supervisory Committee (Continued)

## III. KEY TASKS OF THE SUPERVISORY COMMITTEE IN 2025

In 2025, the Supervisory Committee of the Company will strictly comply with laws and regulations and the internal system of the Company to ensure the effective operation of internal control system. It will continue to diligently and effectively perform various duties in a standardized way, and supervise the performance by Directors and senior management of their duties to ensure that their actions comply with laws, regulations and the Articles of Association. It will also strive to achieve new results in promoting the construction of a corporate governance system, and innovating and improving the internal supervision mechanism, promote the improvement in the corporate governance structure and standardized operation and management of the Company, and effectively safeguard and protect the legitimate rights and interests of the Company and all shareholders.

Shanghai HeartCare Medical Technology Corporation Limited
The Supervisory Committee
March 27, 2025

# Independent Auditor's Report

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

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

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

**To the shareholders of Shanghai HeartCare Medical Technology Corporation Limited**
*(Incorporated in the People's Republic of China with limited liability)*

## OPINION

We have audited the consolidated financial statements of Shanghai HeartCare Medical Technology Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 115 to 187, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

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

# Independent Auditor's Report (Continued)

## KEY AUDIT MATTERS (Continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Impairment assessment of goodwill and intangible assets** | |
| The Group had goodwill of RMB9,711,000 and intellectual properties recognised as intangible assets of RMB29,258,000 as disclosed in notes 16 and 17 to the consolidated financial statements as at 31 December 2024, arising from the acquisition of Nanjing SealMed Medical Technology Co., Ltd. in September 2020.<br><br>The Group is required to perform an impairment test for goodwill at least on an annual basis. The impairment test is based on the recoverable amount of the cash-generating unit ("CGU") to which the goodwill and the intangible assets are allocated. The recoverable amounts are based on the value in use.<br><br>Management established the impairment assessment model with the involvement of an external independent appraiser and prepared a recoverable amount calculation to estimate the future cash flows taking into account key assumptions, including the estimated revenue growth rate, gross margin, terminal growth rate and discount rate, and management considered no impairment loss was necessary as at 31 December 2024 based on the impairment assessment performed. | Our principal audit procedures include the following:<br><br>1. We obtained an understanding of the key internal controls related to impairment assessment of goodwill and intangible assets;<br><br>2. We evaluated the competency, capabilities and objectivity of the external independent appraiser engaged by the Group to perform the valuation;<br><br>3. We evaluated management's identification of CGU to which the goodwill and the intangible assets from acquisition were allocated;<br><br>4. We assessed the reasonableness of management's future forecasted cash flows and key assumptions including the estimated revenue growth rate and gross margin by comparing to the Group's historical financial performance, development plan, budget and financial projections and analysis on the industry;<br><br>5. We involved our valuation specialist to assist us in assessing whether management's valuation model was appropriate by reference to industry practices and valuation techniques; |

# Independent Auditor's Report (Continued)

## KEY AUDIT MATTERS (Continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Impairment assessment of goodwill and intangible assets (Continued)** | |
| We considered this is a key audit matter given the significant management judgements and assumptions involved in the impairment assessment and because the estimation of the recoverable amount was subject to a high degree of estimation uncertainty.<br><br>The Group's disclosures about the impairment test of goodwill and intangible assets are included in note 2.4 *Material accounting policies*, note 3 *Significant accounting judgements and estimates*, note 16 *Goodwill* and note 17 *Other intangible assets* to the financial statements. | 6. We involved our valuation specialist to assist us in evaluating the appropriateness of the key valuation parameters such as the discount rate and the terminal growth rate applied by benchmarking market data and comparable companies; and<br><br>7. We also focused on the adequacy of the related disclosures in the consolidated financial statements. |
| **Cut-off of research and development expenses** | |
| The Group incurred significant research and development ("R&D") expenses of RMB58,940,000 in the consolidated financial statements for the year ended 31 December 2024. A large portion of the Group's R&D expenses were service fees paid to third party service providers, including contract research organisations, clinical site management operators and clinical trial centres (collectively referred to as "Outsourced Service Providers").<br><br>The R&D activities with these Outsourced Service Providers were documented in detailed contracts and are typically performed over an extended period. Recording these costs in the appropriate financial reporting period based on the progress of the research and development projects involves estimation.<br><br>The Group's disclosures about R&D expenses are included in note 2.4 *Material accounting policies* and note 3 *Significant accounting judgements and estimates* to the financial statements. | Our principal audit procedures include the following:<br><br>1. We obtained an understanding of the key internal controls related to the accrual of the R&D expenses;<br><br>2. We reviewed the key terms set out in the agreements with the Outsourced Service Providers;<br><br>3. We evaluated the progress of R&D projects based on inquiry with project managers, inspection of supporting documents and obtaining confirmations from the Outsourced Service Providers, on a sample basis, to determine whether these costs were recorded in the appropriate reporting period;<br><br>4. We performed cut-off tests on a sample basis and reviewed related supporting documents in relation to the recognition of R&D expenses; and<br><br>5. We also performed search for unrecorded liabilities procedures subsequent to the year ended 31 December 2024. |

# Independent Auditor's Report (Continued)

EY 安永

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

# Independent Auditor's Report (Continued)

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

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

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

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

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

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

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

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

# Independent Auditor's Report (Continued)

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is HO Siu Fung, Terence.

**Ernst & Young**
*Certified Public Accountants*
Hong Kong
27 March 2025

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

*Year ended 31 December 2024*

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **REVENUE** | 5 | **277,899** | 232,344 |
| Cost of sales | | **(96,183)** | (68,585) |
| Gross profit | | **181,716** | 163,759 |
| Other income and gains | 5 | **23,099** | 26,108 |
| Other expenses | 6 | **(18,313)** | (12,916) |
| Research and development expenses | | **(58,940)** | (123,831) |
| Selling and distribution expenses | | **(79,622)** | (79,246) |
| Administrative expenses | | **(58,183)** | (74,636) |
| Finance costs | 8 | **(1,749)** | (2,158) |
| Share of loss of an associate | | **—** | — |
| **LOSS BEFORE TAX** | 7 | **(11,992)** | (102,920) |
| Income tax (expense)/credit | 11 | **(1,630)** | 8,908 |
| **LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | | **(13,622)** | (94,012) |
| Attributable to: | | | |
| Owners of the parent | | **(13,622)** | (94,012) |
| **LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | | | |
| Basic and diluted (RMB) | 13 | **(0.36)** | (2.47) |

# Consolidated Statement of Financial Position

*31 December 2024*

| | Notes | 31 December 2024 RMB'000 | 31 December 2023 RMB'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Plant and equipment | 14 | 52,568 | 69,939 |
| Right-of-use assets | 15 | 65,190 | 68,572 |
| Goodwill | 16 | 9,711 | 9,711 |
| Other intangible assets | 17 | 33,566 | 37,708 |
| Prepayments, other receivables and other assets, non-current | 20 | 9,986 | 7,398 |
| Financial assets at fair value through profit or loss ("FVTPL"), non-current | 22 | 9,474 | 2,525 |
| Deferred tax assets | 26 | 1,956 | — |
| Investment in an associate | | — | — |
| **Total non-current assets** | | 182,451 | 195,853 |
| **CURRENT ASSETS** | | | |
| Inventories | 18 | 171,114 | 146,039 |
| Trade receivables | 19 | 94,713 | 76,913 |
| Prepayments, other receivables and other assets, current | 20 | 35,785 | 53,205 |
| Financial assets at FVTPL | 22 | 111,815 | 98,934 |
| Cash and bank balances | 21 | 601,905 | 622,205 |
| Restricted cash | 21 | 8,466 | 8,096 |
| **Total current assets** | | 1,023,798 | 1,005,392 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 23 | 74,441 | 51,779 |
| Lease liabilities, current | 15 | 7,669 | 4,911 |
| Contract liabilities | 25 | 315 | 3,092 |
| **Total current liabilities** | | 82,425 | 59,782 |
| **NET CURRENT ASSETS** | | 941,373 | 945,610 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 1,123,824 | 1,141,463 |

continued/...

# Consolidated Statement of Financial Position (Continued)

*31 December 2024*

| | Notes | 31 December 2024 RMB'000 | 31 December 2023 RMB'000 |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Lease liabilities, non-current | 15 | **28,079** | 31,472 |
| Government grants | 24 | **29,459** | 33,895 |
| Deferred tax liabilities | 26 | **4,038** | 452 |
| **Total non-current liabilities** | | **61,576** | 65,819 |
| **Net assets** | | **1,062,248** | 1,075,644 |
| **EQUITY** | | | |
| Share capital | 27 | **38,834** | 38,834 |
| Treasury shares | 27 | **(45,452)** | (48,999) |
| Reserves | 29 | **1,068,866** | 1,085,809 |
| **Total equity** | | **1,062,248** | 1,075,644 |

**Wang Guohui**
Director

**Zhang Kun**
Director

# Consolidated Statement of Changes in Equity

*Year ended 31 December 2024*

| | Share capital RMB'000 | Share premium RMB'000 | Treasury shares RMB'000 | Other reserve RMB'000 | Accumulated losses RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| **At 1 January 2023** | 38,834 | 1,546,492 | (42,563) | 169,882 | (547,168) | 1,165,477 |
| Loss and total comprehensive loss for the year | — | — | — | — | (94,012) | (94,012) |
| Equity-settled share award expense (note 28) | — | — | — | 10,615 | — | 10,615 |
| Shares purchased under 2021 H Share Incentive Scheme (note 27) | — | — | (6,436) | — | — | (6,436) |
| **At 31 December 2023** | 38,834 | 1,546,492 | (48,999) | 180,497 | (641,180) | 1,075,644 |
| **At 1 January 2024** | **38,834** | **1,546,492** | **(48,999)** | **180,497** | **(641,180)** | **1,075,644** |
| Loss and total comprehensive loss for the year | **–** | **–** | **–** | **–** | **(13,622)** | **(13,622)** |
| Equity-settled share award expense (note 28) | **–** | **–** | **–** | **539** | **–** | **539** |
| Exercise of share options | **–** | **3,235** | **6,191** | **(7,095)** | **–** | **2,330** |
| Shares purchased under 2021 H Share Incentive Scheme (note 27) | **–** | **–** | **(2,644)** | **–** | **–** | **(2,644)** |
| **At 31 December 2024** | **38,834** | **1,549,727*** | **(45,452)** | **173,941*** | **(654,802)*** | **1,062,248** |

* These reserve accounts comprise the consolidated reserves of RMB1,068,866,000 (2023: RMB1,085,809,000) in the consolidated statement of financial position.

# Consolidated Statement of Cash Flows

*Year ended 31 December 2024*

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Loss before tax | | **(11,992)** | (102,920) |
| Adjustments for: | | | |
| Finance costs | 8 | **1,749** | 2,158 |
| Impairment of trade receivables | 6 | **922** | 930 |
| Impairment of inventories | 6 | **8,056** | 11,965 |
| Bank interest income | 5 | **(8,766)** | (11,195) |
| Fair value gains on financial assets at FVTPL | 5 | **(4,367)** | (934) |
| Gain on disposal of property, plant and equipment | 5 | **—** | (84) |
| Gain on disposal of a subsidiary | 5 | **—** | (1,281) |
| Depreciation of plant and equipment | 7 | **19,380** | 20,213 |
| Amortisation of other intangible assets | 7 | **5,258** | 4,860 |
| Depreciation of right-of-use assets | 7 | **7,471** | 7,186 |
| Income from government grants for plant and equipment | | **(4,436)** | (1,979) |
| Loss on construction deposits | 6 | **8,034** | — |
| Foreign exchange differences, net | | **(1,189)** | (2,049) |
| Equity-settled share award expenses | 7 | **539** | 10,615 |
| | | **20,659** | (62,515) |
| Increase in inventories | | **(33,131)** | (25,846) |
| Increase in trade receivables | | **(18,722)** | (52,493) |
| Decrease in prepayments and other receivables | | **10,478** | 52,114 |
| Increase in trade and other payables | | **20,223** | 4,986 |
| Decrease in contract liabilities | | **(2,777)** | (3,760) |
| Increase in restricted cash | | **(432)** | — |
| Cash used in operations | | **(3,702)** | (87,514) |
| Net income tax returned/(paid) | | **468** | (892) |
| Net cash flows used in operating activities | | **(3,234)** | (88,406) |

continued/...

# Consolidated Statement of Cash Flows (Continued)

*Year ended 31 December 2024*

| | Note | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of financial assets at FVTPL | | **(60,782)** | (100,125) |
| Purchase of items of plant and equipment | | **(4,040)** | (4,576) |
| Proceeds from disposal of financial assets at FVTPL | | **45,319** | — |
| Proceeds from disposal of items of plant and equipment | | **—** | 965 |
| Purchase of items of other intangible assets | | **(1,116)** | (3,362) |
| Withdrawal of restricted cash of deposit for land use right | | **—** | 4,020 |
| Purchase of right-of-use assets | | **—** | (41,375) |
| Placement of pledged bank deposit | | **—** | (8,034) |
| Withdrawal of time deposits | | **16,358** | 106,433 |
| Placement of time deposits | | **—** | (91,594) |
| Interest received | | **9,001** | 10,905 |
| Receipt of government grants for plant and equipment | | **—** | 4,560 |
| Disposal of a subsidiary | | **6,056** | (3,270) |
| Net cash flows from/(used in) investing activities | | **10,796** | (125,453) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Placement of restricted cash for share purchase | | **—** | (62) |
| Repayment of bank loans | | **—** | (5,000) |
| Payment for interest on bank loan | | **—** | (30) |
| Shares purchased under the 2021 H Share Incentive Scheme | 27 | **(2,644)** | (6,374) |
| Advance payments received for subscription of share awards granted | | **—** | 389 |
| Rental deposits paid | | **(270)** | (36) |
| Payment for lease liabilities | | **(5,886)** | (10,372) |
| Prepaid lease payments | | **(587)** | — |
| Refund of payments for subscription of share awards granted | | **(2,996)** | — |
| Net cash flows used in financing activities | | **(12,383)** | (21,485) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | | **(4,821)** | (235,344) |
| Cash and cash equivalents at beginning of year | | **605,583** | 840,026 |
| Effect of foreign exchange rate changes, net | | **1,143** | 901 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | **601,905** | 605,583 |

# Notes to Financial Statements

*31 December 2024*

## 1. CORPORATE AND GROUP INFORMATION

Shanghai HeartCare Medical Technology Corporation Limited (the "Company") was incorporated in the People's Republic of China ("PRC") on 16 June 2016 as a limited liability company. On 3 December 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The registered office and the principal place of the business of the Company is located at Building 38, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai, the PRC.

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 August 2021.

During the year, the Company and its subsidiaries (the "Group") were principally engaged in the research, development, manufacturing and sale of innovative medical devices.

### Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

| Name | Place of incorporation/ registration and business | Registered paid-in capital/ issued shares | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Weiming Medical Devices (Shanghai) Co., Ltd. ("Weiming")* (瑋銘醫療器械(上海)有限公司) | PRC/Mainland China | RMB120,000,000 | 100% | — | Research and development and sale of medical devices |
| Nanjing SealMed Medical Technology Co., Ltd. ("SealMed")* (南京思脈德醫療科技有限公司) | PRC/Mainland China | RMB100,000,000 | 100% | — | Research and development and sale of medical devices |
| Shanghai Weiqi Medical Devices Co., Ltd. ("Weiqi")* (上海瑋啟醫療器械有限公司) | PRC/Mainland China | RMB120,000,000 | 100% | — | Research and development of medical devices |
| Shanghai Weilang Medical Technology Co., Ltd. ("Weilang")* (上海瑋琅醫療科技有限公司) | PRC/Mainland China | RMB70,000,000 | 100% | — | Research and development of medical devices |
| Shanghai HeartCare Medical Co., Ltd. ("HeartCare Medical")* (上海心瑋醫療技術有限公司) | PRC/Mainland China | RMB30,000,000 | 100% | — | No operation |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 1. CORPORATE AND GROUP INFORMATION (Continued)

### Information about subsidiaries (Continued)

| Name | Place of incorporation/ registration and business | Registered paid-in capital/ issued shares | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Shanghai HeartCare Technology Co., Ltd. ("HeartCare Technology")* (上海心瑋科技有限公司) | PRC/Mainland China | RMB1,000,000 | 100% | — | No operation |
| Heartcare Medical (Hong Kong) Corporation Limited (心瑋醫療(香港)有限公司) | Hong Kong, PRC | USD100,000 | — | 100% | No operation |
| 3V Medical, Inc. | United States of America | USD100,000 | — | 100% | No operation |

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

## 2. ACCOUNTING POLICIES

## 2.1 BASIS OF PREPARATION

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

### Basis of consolidation

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

# Notes to Financial Statements (Continued)

*31 December 2024*

## 2.1 BASIS OF PREPARATION (Continued)

### Basis of consolidation (Continued)

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

| | |
|---|---|
| Amendments to IFRS 16 | *Lease Liability in a Sale and Leaseback* |
| Amendments to IAS 1 | *Classification of Liabilities as Current or Non-current* (the "2020 Amendments") |
| Amendments to IAS 1 | *Non-current Liabilities with Covenants* (the "2022 Amendments") |
| Amendments to IAS 7 and IFRS7 | *Supplier Finance Arrangements* |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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

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

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

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

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

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

The application of IFRS 18 will have no impact on the consolidated statements of financial position of the Group, but will have impact on the presentation of the consolidated statements of profit or loss and other comprehensive income. Except for IFRS 18, the directors of the Company anticipate that these new and revised IFRS Accounting Standards are not expected to have a material impact on the Group's financial performance and financial position in the foreseeable future.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 2.4 MATERIAL ACCOUNTING POLICIES

### Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investments in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of an associate is included as part of the Group's investment in an associate.

### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

### Fair value measurement

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

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

# Notes to Financial Statements (Continued)

*31 December 2024*

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Fair value measurement (Continued)

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

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

| | | |
|---|---|---|
| Level 1 | — | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | — | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | — | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

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

### Impairment of non-financial assets

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

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

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

# Notes to Financial Statements (Continued)

*31 December 2024*

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Impairment of non-financial assets (Continued)

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

### Related parties

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Plant and equipment and depreciation

Plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

Depreciation is calculated on the straight-line basis to write off the cost of each item of plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

| | |
|---|---|
| Leasehold improvements | Lease terms or 20% |
| Machinery and equipment | 18% to 30% |

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

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

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

### Intangible assets (other than goodwill)

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

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Intangible assets (other than goodwill) (Continued)

*Intellectual properties*

Intellectual properties are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years after commercialisation which is estimated based on the estimated lifecycle of the products, considering the lifecycle of medical device products in the market, current market competition and the current management development plan.

*Research and development expenditures*

All research expenditures are charged to profit or loss as incurred.

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

### Leases

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

*Group as a lessee*

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

(a) Right-of-use assets

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

| | |
|---|---|
| Land use right | 50 years |
| Plant and office premises | 2 to 10 years |

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

# Notes to Financial Statements (Continued)

*31 December 2024*

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Leases (Continued)

*Group as a lessee (Continued)*

(b) Lease liabilities

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

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

The Group's lease liabilities are presented in a separate line item in the consolidated statement of financial position.

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

The Group applies the short-term lease recognition exemption to its short-term leases of offices (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

### Investments and other financial assets

*Initial recognition and measurement*

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

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Investments and other financial assets (Continued)

*Initial recognition and measurement (Continued)*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

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

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

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

*Subsequent measurement*

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

*Financial assets at amortised cost (debt instruments)*

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

# Notes to Financial Statements (Continued)

*31 December 2024*

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Investments and other financial assets (Continued)

*Financial assets at fair value through profit or loss*

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

### Derecognition of financial assets

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

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

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

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

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Derecognition of financial assets (Continued)

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

### Impairment of financial assets

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

*General approach*

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

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

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Impairment of financial assets (Continued)

*General approach (Continued)*

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

| | | |
|---|---|---|
| Stage 1 | — | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | — | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | — | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

*Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, or making reference to the credit loss experience of similar companies in the market where the Group has not had sufficient credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### Financial liabilities

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as payables, as appropriate.

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

The Group's financial liabilities include trade and other payables.

*Subsequent measurement*

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

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Financial liabilities (Continued)

*Financial liabilities at amortised cost (trade and other payables)*

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

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

### Derecognition of financial liabilities

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

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

### Offsetting of financial instruments

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

### Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### Inventories

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

# Notes to Financial Statements (Continued)

*31 December 2024*

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

### Income tax

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

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

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

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

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

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

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Income tax (Continued)

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

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

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

# Notes to Financial Statements (Continued)

*31 December 2024*

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

### Revenue recognition

*Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of medical devices

Revenue from the sale of medical devices is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the medical devices or acceptance by the customer.

Some contracts for the sale of medical devices provide customers with rights of sales rebates, giving rise to variable consideration.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Revenue recognition (Continued)

*Revenue from contracts with customers (Continued)*

(a) Sale of medical devices (Continued)

(i) Sales rebates

Retrospective sales rebates may be provided to certain customers once the amount of products purchased during the period exceeds a threshold or the rank of credit exceeds a certain level specified in the contract. Rebates are offset against amounts payable by the distributor arising from its purchase or provided in the form of products. The most likely amount method is used to estimate the variable consideration. The selected method that best predicts the amount of variable consideration is primarily driven by the sales amount thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a liability for the expected future rebates is recognised in contract liabilities.

*Other income*

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

### Contract liabilities

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

### Share-based payments

The Company operates share award schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted less the consideration received by the Group. The fair value of share awards is determined using the market approach, binomial model or monte carlo simulation model. Further details are included in note 28 to the financial statements.

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

# Notes to Financial Statements (Continued)

*31 December 2024*

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Share-based payments (Continued)

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

### Other employee benefits

*Pension scheme*

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

### Foreign currencies

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

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Foreign currencies (Continued)

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

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

### Judgements

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

*Research and development expenditures*

Research and development expenditures are expensed in accordance with the accounting policy for research and development expenditures in note 2.4 to the financial statements. Determining the amounts to be capitalised or expensed requires management to make assumptions and judgements regarding the technical feasibility of completing the intangible asset, future economic benefits and so forth. During the reporting period, all expenditures incurred for research and development activities were expensed when incurred as it is uncertain whether future economic benefits can be generated.

*Deferred tax assets*

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### Estimation uncertainty

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

*Accrual of research and development expenditures*

The Group relies on outsourced service providers to conduct, supervise, and monitor the Group's pre-clinical activities and clinical trials in the PRC. Determining the amounts of research and development expenditures incurred up to the end of each reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with outsourced service providers using inputs such as the number of patient enrolments, time elapsed and milestone achieved.

*Useful lives and residual values of plant and equipment*

In determining the useful lives and residual values of items of plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset and the legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way.

Additional depreciation is recognised if the estimated useful lives and/or the residual values of items of plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at the end of the reporting period based on changes in circumstances.

*Impairment of non-financial assets (other than goodwill)*

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

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

# Notes to Financial Statements (Continued)

*31 December 2024*

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### Estimation uncertainty (Continued)

*Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2023 and 2024 were RMB9,711,000 and RMB9,711,000, respectively. Further details are given in note 16 to the financial statements.

## 4. OPERATING SEGMENT INFORMATION

### Segment information

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

### Geographical information

During the reporting period, most of the Group's revenue was derived from customers located in Mainland and nearly all of the Group's non-current assets are located in Mainland China, and therefore no geographical segment information in accordance with IFRS 8 *Operating Segments* is presented.

### Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the reporting period is set out below:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Customer A | 97,990 | 81,720 |
| Customer B | 65,147 | 78,272 |
| Customer C | 58,259 | * |

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the year ended 31 December 2023.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| *Revenue from contracts with customers* | | |
| Sale of medical devices | 276,931 | 232,344 |
| Revenue from services provided | 968 | — |
| Total | 277,899 | 232,344 |

### Revenue from contracts with customers

(a) *Disaggregated revenue information*

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **Geographical markets** | | |
| Mainland China | 269,504 | 231,273 |
| Others | 8,395 | 1,071 |
| Total | 277,899 | 232,344 |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | 277,899 | 232,344 |

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Sale of medical devices | 2,293 | 3,258 |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 5. REVENUE, OTHER INCOME AND GAINS (Continued)

### Revenue from contracts with customers (Continued)

*(b) Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of medical devices

The performance obligation is satisfied upon transfer of the products to the logistics companies or acceptance by the customer. Payment is made in advance or due within 30 to 90 days from delivery. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

An analysis of other income and gains is as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **Other income** | | |
| Government grants (note) | 8,793 | 11,211 |
| Bank interest income | 8,766 | 11,195 |
| Total other income | 17,559 | 22,406 |
| **Gains** | | |
| Foreign exchange gains, net | 1,173 | 1,403 |
| Fair value gains on financial assets at FVTPL | 4,367 | 934 |
| Gain on disposal of items of property, plant and equipment | — | 84 |
| Gain on disposal of a subsidiary | — | 1,281 |
| Total gains | 5,540 | 3,702 |
| Total other income and gains | 23,099 | 26,108 |

Note:

The government grants mainly represent subsidies received from local government authorities for the purpose of compensation for expenditure arising from research and clinical trial activities, awards for new medical device development and capital expenditure incurred on certain projects.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 6. OTHER EXPENSES

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Donation | **1,300** | — |
| Impairment of inventories | **8,056** | 11,965 |
| Impairment of trade receivables | **922** | 930 |
| Loss on construction deposits | **8,034** | — |
| Others | **1** | 21 |
| Total | **18,313** | 12,916 |

## 7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Cost of inventories sold | | **96,183** | 68,585 |
| Research and development expenses | | **58,940** | 123,831 |
| Impairment of inventories | 6 | **8,056** | 11,965 |
| Impairment of trade receivables | 19 | **922** | 930 |
| Depreciation of plant and equipment | 14 | **19,380** | 20,213 |
| Depreciation of right-of-use assets | 15 | **7,471** | 7,186 |
| Amortisation of other intangible assets | 17 | **5,258** | 4,860 |
| Government grants | 5 | **(8,793)** | (11,211) |
| Bank interest income | 5 | **(8,766)** | (11,195) |
| Fair value gains on financial assets at FVTPL | 5 | **(4,367)** | (934) |
| Lease payments not included in the measurement of lease liabilities | | **1,245** | 1,840 |
| Auditors' remuneration | | **2,700** | 3,100 |
| Employee benefit expenses (including directors' emoluments): | | | |
| — Independent non-executive directors' fees | | **638** | 465 |
| — Wages, salaries and allowances | | **105,442** | 104,762 |
| — Pension scheme contributions | | **10,267** | 11,482 |
| — Staff welfare expenses | | **2,767** | 3,838 |
| — Equity-settled share award expenses (note) | 28 | **539** | 10,615 |
| | | **119,653** | 131,162 |
| Foreign exchange differences, net | 5 | **(1,173)** | (1,403) |
| Gain on disposal of items of property, plant and equipment | 5 | **—** | (84) |
| Gain on disposal of a subsidiary | 5 | **—** | (1,281) |
| Loss on construction deposits | 6 | **8,034** | — |
| Donation | 6 | **1,300** | — |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 7. LOSS BEFORE TAX (Continued)

Note: Equity-settled share award expenses were allocated to cost of sales, research and development expenses, selling and distribution expenses and administrative expenses in the amounts below:

| | **2024**<br>**RMB'000** | 2023<br>RMB'000 |
|---|---|---|
| Cost of sales | **(483)** | 389 |
| Research and development expenses | **(1,113)** | 3,493 |
| Selling and distribution expenses | **129** | 3,109 |
| Administrative expenses | **2,006** | 3,624 |
| Total | **539** | 10,615 |

## 8. FINANCE COSTS

| | **2024**<br>**RMB'000** | 2023<br>RMB'000 |
|---|---|---|
| Interest on lease liabilities | **1,749** | 2,128 |
| Interest on bank loans | **—** | 30 |
| Total | **1,749** | 2,158 |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

| | **2024**<br>**RMB'000** | 2023<br>RMB'000 |
|---|---|---|
| Fees | **638** | 465 |
| Other emoluments: | | |
| Salaries, allowances and benefits in kind | **2,877** | 2,399 |
| Bonuses (note iv) | **1,290** | 784 |
| Pension scheme contributions | **228** | 225 |
| Equity-settled share award expense | **563** | 2,421 |
| Subtotal | **4,958** | 5,829 |
| Total | **5,596** | 6,294 |

Certain directors were granted share awards, in respect of their services to the Group, under the share award schemes of the Company, further details of which are set out in note 28 to the financial statements. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

| | **2024**<br>**RMB'000** | 2023<br>RMB'000 |
|---|---|---|
| Mr. Guo Shaomu | **237** | 235 |
| Mr. Gong Ping | **200** | 200 |
| Mr. Feng Xiangqian | **201** | 30 |
| Total | **638** | 465 |

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

# Notes to Financial Statements (Continued)

*31 December 2024*

## 9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

### (b) Executive directors, non-executive directors and the chief executive

| | Salaries, allowances and benefits in kind RMB'000 | Pension scheme contributions RMB'000 | Bonuses (note iv) RMB'000 | Equity-settled share award expenses RMB'000 | Total remuneration RMB'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| *Executive directors:* | | | | | |
| Mr. Wang Guohui (note i) | **978** | **73** | **600** | **—** | **1,651** |
| Ms. Zhang Kun | **861** | **82** | **130** | **—** | **1,073** |
| Mr. Wei Jiawei | **918** | **73** | **560** | **563** | **2,114** |
| Subtotal | **2,757** | **228** | **1,290** | **563** | **4,838** |
| *Non-executive directors:* | | | | | |
| Mr. Chen Shaoxiong | **120** | **—** | **—** | **—** | **120** |
| Mr. Ding Kui | **—** | **—** | **—** | **—** | **—** |
| Mr. Chen Gang (note ii) | **—** | **—** | **—** | **—** | **—** |
| Subtotal | **120** | **—** | **—** | **—** | **120** |
| Total | **2,877** | **228** | **1,290** | **563** | **4,958** |
| **2023** | | | | | |
| *Executive directors:* | | | | | |
| Mr. Wang Guohui (note i) | 799 | 70 | 300 | — | 1,169 |
| Ms. Zhang Kun | 741 | 85 | 242 | — | 1,068 |
| Mr. Wei Jiawei | 739 | 70 | 242 | 2,421 | 3,472 |
| Subtotal | 2,279 | 225 | 784 | 2,421 | 5,709 |
| *Non-executive directors:* | | | | | |
| Mr. Chen Shaoxiong | 120 | — | — | — | 120 |
| Mr. Ding Kui | — | — | — | — | — |
| Mr. Chen Gang (note ii) | — | — | — | — | — |
| Subtotal | 120 | — | — | — | 120 |
| Total | 2,399 | 225 | 784 | 2,421 | 5,829 |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

### (c) Supervisors

| | Salaries, allowances and benefits in kind RMB'000 | Pension Scheme contributions RMB'000 | Bonuses (note iv) RMB'000 | Equity-settled share award expenses RMB'000 | Total remuneration RMB'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| Mr. Jiang Xinbei | **—** | **—** | **—** | **—** | **—** |
| Ms. Jiang Xue | **432** | **60** | **98** | **36** | **626** |
| Mr. Xue Zongyu (note iii) | **798** | **73** | **284** | **352** | **1,507** |
| Total | **1,230** | **133** | **382** | **388** | **2,133** |
| **2023** | | | | | |
| Mr. Xing Tingyu (note iii) | 572 | 59 | — | 72 | 703 |
| Mr. Jiang Xinbei | — | — | — | — | — |
| Ms. Jiang Xue | 424 | 53 | 34 | 18 | 529 |
| Mr. Xue Zongyu (note iii) | 91 | 11 | 30 | 13 | 145 |
| Total | 1,087 | 123 | 64 | 103 | 1,377 |

Notes:

i. Mr. Wang Guohui is also the chief executive of the Company, and his remuneration disclosed above included the amount for the services rendered by him as the chief executive.

ii. Mr. Chen Gang was appointed as a non-executive director of the Company with effect from 8 November 2023.

iii. Mr. Xue Zongyu was appointed as a supervisor with effect from 8 November 2023. Mr. Xing Tingyu resigned as a supervisor with effect from 8 November 2023.

iv. Bonuses represent amounts paid or payable which are discretionary or are based on the Group's performance.

There was no arrangement under which a director, supervisor or the chief executive waived or agreed to waive any remuneration during the year.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors including the chief executive and one supervisor (2023: three directors including the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining one (2023: two) highest paid employees who were not a director, supervisor or chief executive of the Company during the year are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Salaries, allowances and benefits in kind | **918** | 1,766 |
| Pension scheme contributions | **73** | 70 |
| Bonuses (note) | **460** | 517 |
| Equity-settled share award expenses | **563** | 4,842 |
| Total | **2,014** | 7,195 |

Note: Bonuses represent amounts paid or payable which are discretionary or are based on the Group's performance.

The number of non-director, non-supervisor and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

| | **Number of employees** | |
|---|---|---|
| | **2024** | 2023 |
| Hong Kong Dollar ("HKD")2,000,001 to HKD2,500,000 | **1** | — |
| HKD3,500,001 to HKD4,000,000 | **—** | 1 |
| HKD4,000,001 to HKD4,500,000 | **—** | 1 |
| | **1** | 2 |

Share awards were granted to certain non-director, non-supervisor and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 28 to the financial statements. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, non-supervisor and non-chief executive highest paid employees' remuneration disclosures. No new share awards were granted during the year.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 11. INCOME TAX

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

Weiming was accredited as a "Key industry enterprise in the Lingang New Area of China (Shanghai) Pilot Free Trade Zone" in January 2021 and has been entitled to a preferential income tax rate of 15% for a five-year period since 2020. In addition, Weiming was accredited as a "High and New Technology Enterprise" in December 2024 and therefore is entitled to a preferential tax rate of 15% for a three-year period starting 2024.

The Company was accredited as a "High and New Technology Enterprise" in November 2021 and the qualification as a High and New Technology Enterprise of the Company was renewed in December 2024, and therefore the Company is entitled to a preferential tax rate of 15% for the years ended 31 December 2023 and 2024.

SealMed was accredited as a "High and New Technology Enterprise" in December 2023 and therefore is entitled to a preferential tax rate of 15% for a three-year period starting 2023.

The qualification as a High and New Technology Enterprise will be subject to review by the relevant tax authority in Mainland China for every three years and the Company, Weiming and SealMed should self-evaluate whether they meet the criteria of High and New Technology Enterprise each year.

Pursuant to Caishui [2018] circular No. 76, the Company and its certain subsidiaries which were accredited as "Technology-based Small and Medium-sized Enterprises" can carry forward their unutilised tax losses for up to ten years. This extension of the expiration period applies to all the unutilised tax losses that were carried forward by the entities at the effective date of the tax circular.

Pursuant to the relevant EIT Law, the Company and its certain subsidiaries enjoyed a super deduction of 200% on qualifying research and development expenditures during the year ended 31 December 2024.

The income tax expense/(credit) of the Group for the reporting period is analysed as follows:

| | **2024**<br>**RMB'000** | 2023<br>RMB'000 |
|---|---|---|
| Current tax: | | |
| Charge for the year | **—** | — |
| Deferred tax | **1,630** | (8,908) |
| | **1,630** | (8,908) |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 11. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Loss before tax | **(11,992)** | (102,920) |
| Tax at the applicable tax rate of 25% | **(2,998)** | (25,730) |
| Lower tax rate enacted by local authority | **448** | 6,621 |
| Effect on opening deferred tax of decrease in rates | **—** | (3,744) |
| Expenses not deductible for tax purpose | **1,159** | 5,520 |
| Additional deductible allowance for research and development expenses | **(6,354)** | (11,172) |
| Deductible temporary differences and tax losses not recognised | **12,356** | 30,892 |
| Utilisation/recognition of deductible temporary differences and tax losses previously not recognised | **(2,981)** | (11,295) |
| Tax charge/(credit) at the Group's effective rate | **1,630** | (8,908) |

The Group has accumulated tax losses that are not recognised as deferred tax assets of RMB686,522,000 as at 31 December 2024 (2023: RMB675,809,000), that will expire in two to ten years for offsetting against future taxable profits of the entities in which the losses arose. The Group has deductible temporary differences of RMB82,502,000 as at 31 December 2024 (2023: RMB70,875,000), which are mainly related to government grants and share of loss of an associate.

## 12. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2023: Nil).

## 13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 37,768,407 (2023: 38,077,150) outstanding during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the share award schemes had an anti-dilutive effect on the basic loss per share amounts presented.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

The calculations of basic and diluted loss per share are based on:

| | 2024 | 2023 |
|---|---|---|
| **Loss** | | |
| Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000) | (13,622) | (94,012) |
| **Shares** | | |
| Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation | 37,768,407 | 38,077,150 |
| Loss per share (basic and diluted) (RMB per share) | (0.36) | (2.47) |

## 14. PLANT AND EQUIPMENT

| | Leasehold improvements RMB'000 | Machinery and equipment RMB'000 | Construction in progress ("CIP") RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **31 December 2024** | | | | |
| At 1 January 2024: | | | | |
| Cost | 45,877 | 81,145 | – | 127,022 |
| Accumulated depreciation | (22,852) | (34,231) | – | (57,083) |
| Net carrying amount | 23,025 | 46,914 | – | 69,939 |
| At 1 January 2024, net of accumulated depreciation | 23,025 | 46,914 | – | 69,939 |
| Additions | 241 | 1,565 | 203 | 2,009 |
| Depreciation provided during the year | (5,051) | (14,329) | – | (19,380) |
| At 31 December 2024, net of accumulated depreciation | 18,215 | 34,150 | 203 | 52,568 |
| At 31 December 2024: | | | | |
| Cost | 46,118 | 82,710 | 203 | 129,031 |
| Accumulated depreciation | (27,903) | (48,560) | – | (76,463) |
| Net carrying amount | 18,215 | 34,150 | 203 | 52,568 |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 14. PLANT AND EQUIPMENT (Continued)

| | Leasehold improvements RMB'000 | Machinery and equipment RMB'000 | Construction in progress ("CIP") RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| At 1 January 2023: | | | | |
| Cost | 45,519 | 74,834 | 439 | 120,792 |
| Accumulated depreciation | (17,451) | (19,996) | — | (37,447) |
| Net carrying amount | 28,068 | 54,838 | 439 | 83,345 |
| At 1 January 2023, net of accumulated depreciation | 28,068 | 54,838 | 439 | 83,345 |
| Additions | — | 8,580 | 358 | 8,938 |
| Depreciation provided during the year | (5,401) | (14,812) | — | (20,213) |
| Transfer | 358 | 439 | (797) | — |
| Disposal | — | (865) | — | (865) |
| Disposal of a subsidiary | — | (1,266) | — | (1,266) |
| At 31 December 2023, net of accumulated depreciation | 23,025 | 46,914 | — | 69,939 |
| At 31 December 2023: | | | | |
| Cost | 45,877 | 81,145 | — | 127,022 |
| Accumulated depreciation | (22,852) | (34,231) | — | (57,083) |
| Net carrying amount | 23,025 | 46,914 | — | 69,939 |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 15. LEASES

### The Group as a lessee

The Group has lease contracts for plant and office premises used in its operations. Lump sum payments were made upfront to acquire the land use right from the government with a lease period of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and office premises generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

The Group also leased certain office premises under a short-term (i.e. within 12 months) lease arrangement. The Group has elected not to recognise right-of-use assets on this short-term lease contract. There are no restrictions or covenants imposed and no sale and leaseback transactions.

*(a)* *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

| | Land use right<br>RMB'000 | Plant and office premises<br>RMB'000 | Total<br>RMB'000 |
|---|---|---|---|
| At 1 January 2023 | — | 34,886 | 34,886 |
| Additions | 41,375 | 2,628 | 44,003 |
| Depreciation charge | (758) | (6,428) | (7,186) |
| Disposal of a subsidiary | — | (3,131) | (3,131) |
| At 31 December 2023 and 1 January 2024 | **40,617** | **27,955** | **68,572** |
| Additions | **—** | **4,089** | **4,089** |
| Depreciation charge | **(828)** | **(6,643)** | **(7,471)** |
| At 31 December 2024 | **39,789** | **25,401** | **65,190** |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 15. LEASES (Continued)

### The Group as a lessee (Continued)

*(b) Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Carrying amount at 1 January | **36,383** | 45,687 |
| New lease addition | **3,502** | 2,628 |
| Accretion of interest recognised during the year | **1,749** | 2,128 |
| Payments | **(5,886)** | (10,372) |
| Disposal of a subsidiary | **—** | (3,688) |
| Carrying amount at 31 December | **35,748** | 36,383 |
| Analysed into: | | |
| Current portion | **7,669** | 4,911 |
| Non-current portion | **28,079** | 31,472 |

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

*(c)* The amounts recognised in profit or loss in relation to leases are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Interest on lease liabilities | **1,749** | 2,128 |
| Depreciation charge of right-of-use assets | **7,471** | 7,186 |
| Expense relating to short-term leases (included in cost of sales, research and development expenses, selling and distribution expenses and administrative expenses) | **1,245** | 1,840 |
| Total amount recognised in profit or loss | **10,465** | 11,154 |

*(d)* The total cash outflow for leases is disclosed in note 30(c) to the financial statements.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 16. GOODWILL

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Cost | **9,711** | 9,711 |
| Impairment | **—** | — |
| Net carrying amount | **9,711** | 9,711 |

### Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the SealMed unit as the cash-generating unit for impairment testing.

The recoverable amount of the SealMed unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a 8-year period approved by senior management. Management considers that using a 8-year forecast period for financial budgets in the goodwill impairment test is appropriate because the useful lives of SealMed's relevant intellectual properties are estimated as ten years after commercialisation, and it generally takes longer for a medical device company to reach the perpetual growth mode, compared to companies in other industries, especially when its product is still under clinical trial and the market of such product is at an early stage of development with substantial growth potential. Hence, financial budgets covering a 8-year period were used as management believes that a forecasted period longer than five years is feasible and reflects a more accurate entity value.

Key assumptions used in the calculation are as follows:

| | 2024 | 2023 |
|---|---|---|
| Revenue growth rate | **2.0%–36.9%** | 2.2%–15.9% |
| Budgeted gross margin | **49.6%–53.7%** | 58.5%–60.5% |
| Terminal growth rate | **2.0%** | 2.2% |
| Discount rate | **16.0%** | 18.9% |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 16. GOODWILL (Continued)

### Impairment testing of goodwill (Continued)

Assumptions were used in the value in use calculation of the cash-generating unit as at 31 December 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue — The budgeted revenue is determined based on management's expectation of the future market of SealMed's products. SealMed's products, namely vascular closure device and embolic coil (the "SealMed Products"), have been approved by the National Medical Products Administration ("NMPA") in February and March 2022, respectively. The compound growth rate of revenue was estimated based on information available at the time of assessment, disregarding information that became available after the assessment. Such information includes current industry overview and the estimated market development of related products.

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year ended 31 December 2024, which has decreased as a result of the expected price reduction due to intense competition.

Terminal growth rate — The forecasted terminal growth rate is based on management expectations and does not exceed the long-term average growth rate for the industry relevant to the cash-generating unit.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development of related products and the pre-tax discount rate are consistent with external information sources.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 17. OTHER INTANGIBLE ASSETS

| | Intellectual properties RMB'000 | Software RMB'000 | Total RMB'000 |
|---|---|---|---|
| **31 December 2024** | | | |
| Cost at 1 January 2024, net of accumulated amortisation | **33,348** | **4,360** | **37,708** |
| Additions | **—** | **1,116** | **1,116** |
| Amortisation provided during the year | **(4,090)** | **(1,168)** | **(5,258)** |
| At 31 December 2024 | **29,258** | **4,308** | **33,566** |
| At 31 December 2024: | | | |
| Cost | **37,438** | **6,717** | **44,155** |
| Accumulated amortisation | **(8,180)** | **(2,409)** | **(10,589)** |
| Net carrying amount | **29,258** | **4,308** | **33,566** |
| **31 December 2023** | | | |
| Cost at 1 January 2023, net of accumulated amortisation | 37,438 | 1,805 | 39,243 |
| Additions | — | 3,362 | 3,362 |
| Amortisation provided during the year | (4,090) | (770) | (4,860) |
| Disposal of a subsidiary | — | (37) | (37) |
| At 31 December 2023 | 33,348 | 4,360 | 37,708 |
| At 31 December 2023: | | | |
| Cost | 37,438 | 5,601 | 43,039 |
| Accumulated amortisation | (4,090) | (1,241) | (5,331) |
| Net carrying amount | 33,348 | 4,360 | 37,708 |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 18. INVENTORIES

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Raw materials | **106,805** | 107,329 |
| Work in progress | **19,426** | 3,345 |
| Finished goods | **44,883** | 35,365 |
| Total | **171,114** | 146,039 |

## 19. TRADE RECEIVABLES

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Trade receivables | **97,381** | 78,659 |
| Impairment | **(2,668)** | (1,746) |
| Net carrying amount | **94,713** | 76,913 |

The Group's trading terms with its customers are payment in advance or on credit. The credit period is generally 30 to 90 days for major customers. Each customer has a maximum credit limit. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing of the trade receivables as at the end of each of the reporting period, based on the invoice date and net of loss allowance, is as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Within 6 months | **94,713** | 76,913 |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 19. TRADE RECEIVABLES (Continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| At beginning of year | 1,746 | 816 |
| Impairment losses | 922 | 930 |
| At end of year | 2,668 | 1,746 |

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at 31 December 2024**

| | Current |
|---|---|
| Expected credit loss rate | 2.74% |
| Gross carrying amount (RMB'000) | 97,381 |
| Expected credit losses (RMB'000) | 2,668 |

**As at 31 December 2023**

| | Current |
|---|---|
| Expected credit loss rate | 2.22% |
| Gross carrying amount (RMB'000) | 78,659 |
| Expected credit losses (RMB'000) | 1,746 |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Non-current: | | |
| Rental deposits | **2,098** | 1,752 |
| Prepayment of plant and equipment | **3,607** | 1,782 |
| Prepayments | **96** | 154 |
| Value-added tax recoverable, non-current | **4,185** | 3,710 |
| Total | **9,986** | 7,398 |
| Current: | | |
| Prepayments | **32,257** | 43,168 |
| Other receivables due from third parties | **2,906** | 3,727 |
| Other receivables due from a related party (note 32(a)) | **—** | 5,400 |
| Advance payment of corporate income tax | **424** | 892 |
| Value-added tax recoverable, current | **198** | 18 |
| Total | **35,785** | 53,205 |

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 21. CASH AND BANK BALANCES/RESTRICTED CASH

| | **2024** | 2023 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Cash and bank balances | **601,905** | 622,205 |
| Less: Time deposits with original maturity of more than three months but less than one year when acquired | **—** | 16,622 |
| Cash and cash equivalents | **601,905** | 605,583 |
| Restricted cash | **8,466** | 8,096 |

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB537,935,000 (2023: RMB558,217,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods within three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The restricted cash of RMB8,034,000 as at 31 December 2024 was restricted as the construction deposit and RMB432,000 was restricted due to purchase disputes with a supplier. The restricted cash of RMB8,034,000 as at 31 December 2023 was restricted as the deposit for land use right and RMB62,000 was restricted for the payment for the repurchase of shares.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 22. FINANCIAL ASSETS AT FVTPL

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **Current** | | |
| Financial products | 111,815 | 98,934 |
| **Non-current** | | |
| Other unlisted investments, at fair value | 9,474 | 2,525 |
| Total | 121,289 | 101,459 |

The above financial products represented wealth management products issued by banks in Mainland China with expected return rates ranged from 2.7% to 4.7% per annum (2023: 2.2% to 4.5%).

## 23. TRADE AND OTHER PAYABLES

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Trade payables | 16,916 | 3,667 |
| Accrued expenses | 12,348 | 6,872 |
| Payroll payable | 19,623 | 16,339 |
| Other tax payables | 9,896 | 7,431 |
| Other payables | 14,941 | 11,427 |
| Advance payments received for subscription of share awards (note) | 717 | 6,043 |
| Total | 74,441 | 51,779 |

Note: The amount represented payments received in advance from employees for subscribing share awards granted under the 2021 H Share Incentive Scheme.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 23. TRADE AND OTHER PAYABLES (Continued)

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Within 3 months | 14,747 | 2,143 |
| 3 to 6 months | 1,008 | 201 |
| 6 to 12 months | 276 | 301 |
| 1 to 2 years | 501 | 1,022 |
| More than 2 years | 384 | — |
| Total | 16,916 | 3,667 |

Trade and other payables are unsecured, non-interest-bearing and repayable on demand.

## 24. GOVERNMENT GRANTS

The movements in government grants during the reporting period are as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| At 1 January | 33,895 | 31,874 |
| Grants received during the year | 4,357 | 13,792 |
| Recognised as income during the year | (8,793) | (11,211) |
| Disposal of a subsidiary | — | (560) |
| At the end of the year | 29,459 | 33,895 |

The grants related to income would be recognised in profit or loss upon the Group complying with the conditions attached to the grants and the government acknowledging acceptance. The grants related to an asset would be released to profit or loss over the remaining expected useful lives of the relevant assets upon the Group complying with the conditions attached to the grants and the government acknowledging acceptance.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 25. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Current | 315 | 3,092 |

During the reporting period, contract liabilities represented the obligations to transfer goods to customers from which the Group has received consideration.

## 26. DEFERRED TAX

### Deferred tax liabilities

| | Fair value adjustments arising from acquisition of a subsidiary<br>RMB'000 | Right-of-use assets<br>RMB'000 | Total<br>RMB'000 |
|---|---|---|---|
| At 1 January 2023 | 9,360 | 6,434 | 15,794 |
| Deferred tax credited to profit or loss during the year | (4,325) | (1,601) | (5,926) |
| Gross deferred tax liabilities at 31 December 2023 and 1 January 2024 | 5,035 | 4,833 | 9,868 |
| Deferred tax credited to profit or loss during the year (note 11) | (595) | (143) | (738) |
| Gross deferred tax liabilities at 31 December 2024 | 4,440 | 4,690 | 9,130 |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 26. DEFERRED TAX (Continued)

### Deferred tax assets

| | Losses available for offsetting against future taxable profits RMB'000 | Lease liabilities RMB'000 | Total RMB'000 |
|---|---|---|---|
| At 1 January 2023 | — | 6,434 | 6,434 |
| Deferred tax credited/(charged) to profit or loss during the year | 4,583 | (1,601) | 2,982 |
| Gross deferred tax assets at 31 December 2023 and 1 January 2024 | **4,583** | **4,833** | **9,416** |
| Deferred tax charged to profit or loss during the year (note 11) | **(2,225)** | **(143)** | **(2,368)** |
| Gross deferred tax assets at 31 December 2024 | **2,358** | **4,690** | **7,048** |

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Net deferred tax assets recognised in the consolidated statement of financial position | **1,956** | — |
| Net deferred tax liabilities recognised in the consolidated statement of financial position | **(4,038)** | (452) |

## 27. SHARE CAPITAL/TREASURY SHARES

### Shares

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Issued and fully paid: | | |
| 38,834,408 (2023: 38,834,408) ordinary shares of RMB1.00 each | **38,834** | 38,834 |

### Share capital

A summary of movements in the Company's share capital is as follows:

| | Number of shares in issue | Share capital<br>RMB'000 |
|---|---|---|
| At 1 January 2023, 31 December 2023 and 31 December 2024 | 38,834,408 | 38,834 |

### Treasury shares

A summary of movements in the Company's treasury shares is as follows:

| | Number of Shares repurchased | Treasury shares<br>RMB'000 |
|---|---|---|
| At 1 January 2023 | 692,700 | 42,563 |
| Repurchase of shares under share award scheme | 275,000 | 6,436 |
| At 31 December 2023 and 1 January 2024 | **967,700** | **48,999** |
| Repurchase of shares under share award scheme | **115,100** | **2,644** |
| Exercised of share options | **(129,800)** | **(6,191)** |
| At 31 December 2024 | **953,000** | **45,452** |

On 1 November 2021, shareholders of the Group approved the adoption of the 2021 H share incentive scheme (the "2021 H Share Incentive Scheme"). Pursuant to the 2021 H Share Incentive Scheme, 115,100 (2023: 275,000) shares were purchased on the Hong Kong Stock Exchange by the trustee under the scheme at a total consideration of RMB2,644,000 (2023: RMB6,436,000) during the year.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 28. EQUITY-SETTLED SHARE AWARD EXPENSE

The Company adopted share award schemes for certain personnel in order to recognise and reward the contribution of certain directors and employees ("Granted employees") to the growth and development of the Group, and retain eligible employees for the continuous operation and development of the Group.

### Pre-IPO

In August and October 2020, 4.27% of the then equity interest in the Company was granted to 31 selected employees of the Company for a consideration of RMB15,000,000 through Shanghai Weiyu Enterprise Management Consulting Partnership (L.P.) ("Weiyu").

In August 2020, 10% of the then equity interest in the Company was granted to 4 of the then directors of the Company for a consideration of RMB30,000,000 through Shanghai Weiyun Enterprise Management Consulting Partnership (L.P.) ("Weiyun"). Pursuant to the shareholder resolution, the Company shall repurchase 50% of such equity interest at principal plus a simple interest rate of six percent per annum if the crossover financing is not closed before 31 March 2021 and 50% of such equity interest at principal plus a simple interest rate of six percent per annum if a qualified IPO is not completed before 31 December 2021. On 20 August 2021, the Group was listed on the Main Board of The Stock Exchange of Hong Kong Limited and the obligation to redeem shares was cancelled and the balance of other payable for the obligation to redeem was transferred to other reserve.

The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted less the consideration received by the Group. The fair value of the share award granted is measured at the grant date at the market value of the share award and is determined using the market approach (recent transaction method, in particular).

The respective employees are entitled to receive the same dividends as the other shareholders. Accordingly, no other features of the equity instruments granted were incorporated as adjustments into the measurement of fair value.

The Group recognised equity-settled share award expenses of RMB806,000 (2023: RMB6,947,000) during the year ended 31 December 2024.

### Post IPO

On 1 November 2021, shareholders approved the adoption of the 2021 H Share Incentive Scheme in order to recognise and reward the contribution of certain employees. The 2021 H Share Incentive Scheme shall be valid and effective for 10 years commencing from 1 November 2021.

Pursuant to the 2021 H Share Incentive Scheme, the Group granted 386,700 share options to eligible employees in January 2022 with a 3-year service period, granted 223,460 share options in June 2023 with a 2.5-year service period and granted 855,000 share options in June 2024 with a 3-year service period, subject to vesting conditions including the relevant personal and department's annual assessment determined by the Company. The exercise prices are determined by the directors at RMB20.0 per share and RMB22.0 per share, and nil respectively.

## 28. EQUITY-SETTLED SHARE AWARD EXPENSE (Continued)

### Post IPO (Continued)

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for the share scheme. The Group accounts for the scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the 2021 H Share Incentive Scheme during the year:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Weighted average exercise price RMB per share** | **Number of options** | Weighted average exercise price RMB per share | Number of options |
| At 1 January | **20** | **296,100** | 20 | 282,700 |
| Granted during the year | **–** | **868,300** | 22 | 223,460 |
| Exercised during the year | **18** | **(129,800)** | — | — |
| Forfeited during the year | **20** | **(147,000)** | 22 | (210,060) |
| At 31 December | **1** | **887,600** | 20 | 296,100 |

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

**2024**

| **Number of options** | **Exercise price RMB per share** | **Exercise date** |
|---|---|---|
| **32,600** | **22.0** | **31 December 2025** |
| **855,000** | **—** | **From 30 June 2025 to 30 June 2027** |
| **887,600** | | |

**2023**

| Number of options | Exercise price RMB per share | Exercise date |
|---|---|---|
| 235,500 | 20.0 | 31 December 2024 |
| 60,600 | 22.0 | 31 December 2025 |
| 296,100 | | |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 28. EQUITY-SETTLED SHARE AWARD EXPENSE (Continued)

### Post IPO (Continued)

The fair value of the share options granted during the year was RMB13,343,000 (RMB15.37 each).

The Group reversed equity-settled share award expense of RMB267,000 (2023: recognition of RMB3,668,000) during the year ended 31 December 2024.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

| | 2024 | 2023 |
|---|---|---|
| Dividend yield (%) | — | — |
| Expected volatility (%) | 49.9 | 45.6 |
| Historical volatility (%) | 49.9 | 45.6 |
| Risk-free interest rate (%) | 3.5 | 2.2 |
| Expected life of options (year) | 3.0 | 2.5 |
| Weighted average share price (RMB per share) | 16.1 | 30.8 |

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

At the end of the reporting period, the Company had 887,600 share options outstanding under the 2021 H Share Incentive Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 887,600 additional ordinary shares of the Company and additional share capital of RMB888,000 and a reduction of reserve of RMB170,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 887,600 share options outstanding under the 2021 H Share Incentive Scheme, which represented approximately 2.29% of the Company's shares in issue as at that date.

## 29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 118 of the financial statements.

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,502,000 (2023: additions to right-of-use assets of RMB2,628,000) and RMB3,502,000 (2023: additions to lease liabilities of RMB2,628,000), respectively, in respect of lease arrangements for plant and office premises.

### (b) Changes in liabilities arising from financing activities

| | Interest-bearing bank borrowing RMB'000 | Lease liabilities RMB'000 | Trade and other payables RMB'000 |
|---|---|---|---|
| At 1 January 2023 | 5,000 | 45,687 | 8,063 |
| Changes from financing cash flows during the year | (5,030) | (10,372) | (5,985) |
| Accretion of interest | 30 | 2,128 | — |
| New lease addition | — | 2,628 | — |
| Decrease arising from disposal of a subsidiary | — | (3,688) | — |
| Listing expenses for A Share | — | — | (2,409) |
| Shares purchased under the 2021 H Share Incentive Scheme | — | — | 6,436 |
| At 31 December 2023 | **—** | **36,383** | **6,105** |
| Changes from financing cash flows during the year | **—** | **(5,886)** | **(2,996)** |
| Accretion of interest | **—** | **1,749** | **—** |
| New lease addition | **—** | **3,502** | **—** |
| Exercise of share options | **—** | **—** | **(2,330)** |
| Settlement by restricted cash | **—** | **—** | **(62)** |
| At 31 December 2024 | **—** | **35,748** | **717** |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

| | **2024** | 2023 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Within operating activities | **1,245** | 1,840 |
| Within financing activities | **5,886** | 10,372 |
| | **7,131** | 12,212 |

## 31. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

| | **2024** | 2023 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Construction in progress | **124** | — |
| Intangible assets | **86** | 89 |
| Plant and machinery | **557** | 418 |
| Total | **767** | 507 |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 32. RELATED PARTY TRANSACTIONS

### (a) The Group had the following transactions with related parties during the year:

As stated in the announcement of the Company dated 11 December 2023, the Company entered into an equity transfer agreement on the same day with the purchasers, among which, Value Magnet Limited is an entity indirectly controlled by Mr. Ding Kui, a director of the Company and his close family member. Pursuant to the equity transfer agreement, the Company transferred its entire equity interest in Shenji Medical to Value Magnet Limited and other purchasers at a consideration of RMB5,400,000 and RMB3,600,000, respectively (the "Disposal"). The Disposal was completed in December 2023. The amount due from Value Magnet Limited was settled in June 2024.

### (b) Compensation of key management personnel of the Group

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Salaries, allowances and benefits in kind | **5,811** | 5,252 |
| Pension scheme contributions | **434** | 418 |
| Bonuses (note) | **2,262** | 1,365 |
| Directors' fees | **638** | 465 |
| Equity-settled share award expense | **1,515** | 7,366 |
| | **10,660** | 14,866 |

Note: Bonuses represent amounts paid or payable which are discretionary or are based on the Group's performance.

Further details of directors', supervisors' and the chief executive's emoluments are included in note 9 to the financial statements.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

### Financial assets

| | Financial assets at fair value through profit or loss | | | | Financial assets at amortised cost | |
|---|---|---|---|---|---|---|
| | Mandatorily designated as such | Mandatorily designated as such | Designated as such upon initial recognition | Designated as such upon initial recognition | | |
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| Financial assets included in prepayments, other receivables and other assets | **–** | — | **–** | — | **5,004** | 10,879 |
| Trade receivables | **–** | — | **–** | — | **94,713** | 76,913 |
| Cash and bank balances | **–** | — | **–** | — | **601,905** | 622,205 |
| Restricted cash | **–** | — | **–** | — | **8,466** | 8,096 |
| Financial assets at fair value through profit or loss | **120,889** | 101,059 | **400** | 400 | **–** | — |
| Total | **120,889** | 101,059 | **400** | 400 | **710,088** | 718,093 |

### Financial liabilities

| | Financial liabilities at amortised cost | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Financial liabilities included in trade and other payables | **44,922** | 28,009 |

## 34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

### Fair value

Management has assessed that the fair values of cash and bank balances, restricted cash, trade receivables, financial assets included in prepayments, other receivables and other assets (in the current portion), financial liabilities included in trade and other payables and lease liabilities (in the current portion) approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance controller. The valuation process and results are discussed with the directors of the Company periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all required significant inputs to fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

The fair values of equity investments designated at fair value through profit or loss and derivative financial instruments are determined using market approach.

The Group invests in wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these wealth management product by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instrument:

*Assets measured at fair value:*

**As at 31 December 2024**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant Observable Inputs (Level 2) RMB'000 | Significant Unobservable Inputs (Level 3) RMB'000 | Total RMB'000 |
| Equity investments designated at fair value through profit or loss | – | – | 400 | 400 |
| Derivative financial instruments | – | – | 9,074 | 9,074 |
| Financial products | – | 111,815 | – | 111,815 |
| Total | – | 111,815 | 9,474 | 121,289 |

**As at 31 December 2023**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant Observable Inputs (Level 2) RMB'000 | Significant Unobservable Inputs (Level 3) RMB'000 | Total RMB'000 |
| Equity investments designated at fair value through profit or loss | — | — | 400 | 400 |
| Derivative financial instruments | — | — | 2,125 | 2,125 |
| Financial products | — | 98,934 | — | 98,934 |
| Total | — | 98,934 | 2,525 | 101,459 |

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2023.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

# Notes to Financial Statements (Continued)

*31 December 2024*

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances and restricted cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets at fair value through profit or loss, financial assets included in prepayments, other receivables and other assets and financial liabilities included in trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

### Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. The Group has currency exposures mainly arising from cash at banks denominated in USD and HKD. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, management constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (arising from foreign currencies denominated financial instruments) and the Group's equity.

| | Increase/ (decrease) in rate of foreign currency | Increase/ (decrease) in loss before tax | Increase/ (decrease) in equity |
|---|---|---|---|
| | % | RMB'000 | RMB'000 |
| **31 December 2024** | | | |
| If RMB weakens against USD | **5** | **(2,550)** | **2,550** |
| If RMB strengthens against USD | **(5)** | **2,550** | **(2,550)** |
| If RMB weakens against HKD | **5** | **(997)** | **997** |
| If RMB strengthens against HKD | **(5)** | **997** | **(997)** |
| **31 December 2023** | | | |
| If RMB weakens against USD | 5 | (2,282) | 2,282 |
| If RMB strengthens against USD | (5) | 2,282 | (2,282) |
| If RMB weakens against HKD | 5 | (1,322) | 1,322 |
| If RMB strengthens against HKD | (5) | 1,322 | (1,322) |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's financial assets, which comprise cash and bank balances, restricted cash, trade receivables and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The board of directors believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

*Maximum exposure and year-end staging*

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

**As at 31 December 2024**

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 RMB'000 | Stage 2 RMB'000 | Stage 3 RMB'000 | Simplified approach RMB'000 | Total RMB'000 |
| Financial assets included in prepayments, other receivables and other assets — normal (note (a)) | 5,004 | – | – | – | 5,004 |
| Trade receivables (note (b)) | – | – | – | 97,381 | 97,381 |
| Cash and bank balances – not yet past due | 601,905 | – | – | – | 601,905 |
| Restricted cash – not yet past due | 8,466 | – | – | – | 8,466 |
| Total | 615,375 | – | – | 97,381 | 712,756 |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk (Continued)

*Maximum exposure and year-end staging (Continued)*

**As at 31 December 2023**

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 RMB'000 | Stage 2 RMB'000 | Stage 3 RMB'000 | Simplified approach RMB'000 | Total RMB'000 |
| Financial assets included in prepayments, other receivables and other assets — normal (note (a)) | 10,879 | — | — | — | 10,879 |
| Trade receivables (note (b)) | — | — | — | 78,659 | 78,659 |
| Cash and bank balances – not yet past due | 622,205 | — | — | — | 622,205 |
| Restricted cash – not yet past due | 8,096 | — | — | — | 8,096 |
| Total | 641,180 | — | — | 78,659 | 719,839 |

Notes:

(a) The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

(b) For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix and further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

At the end of the reporting period, the Group had certain concentrations of credit risk as the Group's cash and bank balances were deposited in a few financial institutions. As at the end of the reporting period, cash and bank balances were deposited in financial institutions in high quality without significant credit risk.

At the end of the reporting period, the Group had certain concentrations of credit risk as the Group's trade receivables were mainly due from the Group's largest customer. The Group sets a maximum credit limit for each customer. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Liquidity risk

The Group monitors and maintains a level of cash and bank balances deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

| | 2024 | | | | |
|---|---|---|---|---|---|
| | On demand RMB'000 | Less than 1 year RMB'000 | 1 to 5 years RMB'000 | Over 5 years RMB'000 | Total RMB'000 |
| Financial liabilities included in trade and other payables | 44,922 | – | – | – | 44,922 |
| Lease liabilities | – | 8,281 | 28,408 | 2,023 | 38,712 |
| Total | 44,922 | 8,281 | 28,408 | 2,023 | 83,634 |

| | 2023 | | | | |
|---|---|---|---|---|---|
| | On demand RMB'000 | Less than 1 year RMB'000 | 1 to 5 years RMB'000 | Over 5 years RMB'000 | Total RMB'000 |
| Financial liabilities included in trade and other payables | 28,009 | — | — | — | 28,009 |
| Lease liabilities | — | 6,624 | 27,051 | 8,648 | 42,323 |
| Total | 28,009 | 6,624 | 27,051 | 8,648 | 70,332 |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

| | **2024**<br>**RMB'000** | 2023<br>RMB'000 |
|---|---|---|
| Lease liabilities | **35,748** | 36,383 |
| Total debt | **35,748** | 36,383 |
| Total equity | **1,062,248** | 1,075,644 |
| Gearing ratio | **3.4%** | 3.4% |

## 36. EVENTS AFTER THE REPORTING PERIOD

No significant events of the Group occurred after the reporting period.

# Notes to Financial Statements (Continued)

*31 December 2024*

## 37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **Non-current assets** | | |
| Plant and equipment | 34,133 | 47,099 |
| Right-of-use assets | 51,333 | 55,290 |
| Other intangible assets | 4,198 | 4,217 |
| Investments in subsidiaries | 388,318 | 389,918 |
| Prepayments, other receivables and other assets, non-current | 3,580 | 1,378 |
| Financial assets at fair value through profit or loss | 400 | 400 |
| **Total non-current assets** | 481,962 | 498,302 |
| **Current assets** | | |
| Inventories | 145,912 | 127,733 |
| Trade receivables | 92,826 | 62,466 |
| Prepayments, other receivables and other assets, current | 23,113 | 38,496 |
| Due from subsidiaries | 11,399 | 6,598 |
| Financial assets at fair value through profit or loss | 111,815 | 98,934 |
| Cash and bank balances | 539,503 | 532,438 |
| Restricted cash | 8,466 | 8,096 |
| **Total current assets** | 933,034 | 874,761 |
| **Current liabilities** | | |
| Trade and other payables | 50,844 | 41,047 |
| Lease liabilities, current | 2,870 | 2,862 |
| Due to subsidiaries | 149,344 | 80,528 |
| Contract liabilities | 302 | 2,700 |
| **Total current liabilities** | 203,360 | 127,137 |
| **Net current assets** | 729,674 | 747,624 |
| **Total assets less current liabilities** | 1,211,636 | 1,245,926 |

# Notes to Financial Statements (Continued)

*31 December 2024*

## 37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| **Non-current liabilities** | | |
| Lease liabilities, non-current | 13,684 | 15,771 |
| Government grants | 17,840 | 19,207 |
| **Total non-current liabilities** | 31,524 | 34,978 |
| **Net assets** | 1,180,112 | 1,210,948 |
| **Equity** | | |
| Share capital | 38,834 | 38,834 |
| Treasury shares | (45,452) | (48,999) |
| Reserves (note) | 1,186,730 | 1,221,113 |
| **Total equity** | 1,180,112 | 1,210,948 |

Note:

A summary of the Company's reserves is as follows:

| | Share premium RMB'000 | Other reserve RMB'000 | Accumulated losses RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| Balance at 1 January 2023 | 1,546,492 | 208,026 | (408,173) | 1,346,345 |
| Loss and total comprehensive loss for the year | — | — | (135,847) | (135,847) |
| Equity-settled share award expense | — | 10,615 | — | 10,615 |
| At 31 December 2023 and 1 January 2024 | 1,546,492 | 218,641 | (544,020) | 1,221,113 |
| Loss and total comprehensive loss for the year | — | — | (31,062) | (31,062) |
| Exercise of share options | 3,235 | (7,095) | — | (3,860) |
| Equity-settled share award expense | — | 539 | — | 539 |
| At 31 December 2024 | 1,549,727 | 212,085 | (575,082) | 1,186,730 |

## 38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2025.

# Definitions

In this annual report, the following expressions shall have the meanings set out below, unless the context otherwise requires:

| | |
|---|---|
| "2021 H Share Incentive Scheme" | the 2021 H Share Incentive Scheme adopted by the Company on November 1, 2021 |
| "AGM" | the forthcoming annual general meeting of the Company to be held on Monday, May 26, 2025 |
| "Articles of Association" | the articles of association of the Company currently in force |
| "Audit Committee" | the audit committee of the Board |
| "Board" or "Board of Directors" | the board of directors of the Company |
| "CG Code" | the Corporate Governance Code set out in Appendix C1 to the Listing Rules |
| "China" or "PRC" | the People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, excluding Hong Kong, Macau Special Administrative Region and Taiwan |
| "Company", "our Company" or "HeartCare Medical" | Shanghai HeartCare Medical Technology Corporation Limited (上海心瑋醫療科技股份有限公司), a joint stock limited liability company incorporated in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 6609) |
| "Company Law" or "PRC Company Law" | the Company Law of the People's Republic of China, as amended, supplemented or otherwise modified from time to time |
| "Director(s)" | the director(s) of the Company |
| "FDA" | the U.S. Food and Drug Administration |
| "Global Offering" | has the meaning as ascribed to it under the Prospectus |
| "Group", "our Group", "our", "we" or "us" | the Company and its subsidiaries |
| "H Share(s)" | the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and subscribed for and traded in Hong Kong dollars |
| "Hong Kong" or "HK" | the Hong Kong Special Administrative Region of the PRC |

# Definitions (Continued)

| | |
|---|---|
| "Hong Kong dollars", "HKD" or "HK$" | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong |
| "IFRS" | International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board |
| "Independent Third Party(ies)" | a person or entity who is not a connected person of our Company under the Listing Rules |
| "Listing" | the listing of the Shares on the Main Board of the Stock Exchange |
| "Listing Date" | the date, Friday, August 20, 2021, on which the Shares were listed and dealings in the H Shares first commence on the Stock Exchange |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time |
| "Model Code" | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules |
| "NMPA" | the National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局) or the CFDA |
| "Nomination Committee" | the nomination committee of the Board |
| "PRC Law" | the laws of the People's Republic of China, as amended, supplemented or otherwise modified from time to time |
| "Prospectus" | the prospectus of the Company dated August 10, 2021, in relation to the Global Offering |
| "R&D" | research and development |
| "Remuneration Committee" | the remuneration committee of the Board |
| "Reporting Period" | the year ended December 31, 2024 |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of the PRC |
| "SFO" | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time |

# Definitions (Continued)

| | |
|---|---|
| "Share(s)" | share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Unlisted Shares and H Shares |
| "Shareholder(s)" | holder(s) of the Share(s) |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Strategy Committee" | the strategy committee of the Board |
| "Subsidiary(ies)" | has the meaning ascribed thereto under the Listing Rules |
| "Supervisor(s)" | the member(s) of the supervisory committee of the Company |
| "Supervisory Committee" | the supervisory committee of the Company |
| "Trustee" | the trustee appointed by the Company for the purpose of the Trust, and initially, Maples Trustee Services (Cayman) Limited, a company incorporated in the Cayman Islands and having its registered office at Boundary Hall, Cricket Square, George Town, Grand Cayman, Cayman Islands |
| "Unlisted Share(s)" | the ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed and credited as fully paid up in Renminbi |
| "United States" or "U.S." | the United States of America, its territories, its possessions and all areas subject to its jurisdiction |
| "U.S. dollars", "USD" or "US$" | United States dollars, the lawful currency of the United States |
| "%" | per cent |

上海心瑋醫療科技股份有限公司
Shanghai HeartCare Medical Technology Corporation Limited