LifeTech Scientific Corporation
先健科技公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 01302

ANNUAL REPORT 2024

CONTENTS

CORPORATE INFORMATION

As at 28 March 2025

EXECUTIVE DIRECTORS

XIE Yuehui
(Chairman and Chief Executive Officer)
LIU Jianxiong
(Executive Vice President, Chief Financial Officer and Company Secretary)
RUAN Xingmei
(Chief Compliance Officer, appointed on 12 December 2024)

NON-EXECUTIVE DIRECTORS

JIANG Feng

INDEPENDENT NON-EXECUTIVE DIRECTORS

LIANG Hsien Tse Joseph
WANG Wansong
ZHOU Luming

COMPANY SECRETARY

LIU Jianxiong

AUTHORISED REPRESENTATIVES

XIE Yuehui
LIU Jianxiong

AUDIT COMMITTEE

LIANG Hsien Tse Joseph *(Chairman)*
ZHOU Luming
WANG Wansong

NOMINATION COMMITTEE

ZHOU Luming *(Chairman)*
XIE Yuehui
LIANG Hsien Tse Joseph

REMUNERATION COMMITTEE

WANG Wansong *(Chairman)*
XIE Yuehui
LIANG Hsien Tse Joseph

HONG KONG SHARE REGISTRAR

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

WEBSITE

www.lifetechmed.com

STOCK CODE

1302

LISTING DATE ON THE GROWTH ENTERPRISE MARKET

10 November 2011

DATE OF TRANSFER OF LISTING FROM THE GROWTH ENTERPRISE MARKET TO THE MAIN BOARD

6 November 2013

PRINCIPAL BANKERS

China Merchants Bank Co., Ltd., Shenzhen Chegongmiao Branch
Block A, 1/F Tianxiang Building
Chegongmiao Tianan Industrial District
Futian, Shenzhen, PRC

China Construction Bank Corporation, Qianhai Branch
Block B, Minsheng Internet Building, Qianhai
Shenzhen, PRC

HONG KONG LEGAL ADVISOR
Allen Overy Shearman Sterling
9/F, Three Exchange Square
Central
Hong Kong SAR

AUDITOR
Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE IN CAYMAN ISLANDS
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND ADDRESS OF HEADQUARTERS
LifeTech Scientific Building
No.22, Keji 12th Road South
High-tech Industrial Park
Nanshan District
Shenzhen 518063, PRC

PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE HONG KONG COMPANIES ORDINANCE
31/F, 148 Electric Road
North Point
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman,
KY1-1102
Cayman Islands

FINANCIAL SUMMARY

FINANCIAL SUMMARY

	Year ended 31 December		
	2024 RMB'000	2023 RMB'000	Change
Revenue	1,303,699	1,267,175	2.9%
Gross profit	981,435	995,637	-1.4%
Operating profit	186,336	383,278	-51.4%
Profit before tax	198,995	175,581	13.3%
Profit for the year attributable to owners of the Company	222,388	263,242	-15.5%
Earnings per share			
– Basic	RMB5.1 cents	RMB6.0 cents	-15.0%
– Diluted	RMB5.1 cents	RMB5.9 cents	-13.6%

FIVE YEARS' FINANCIAL SUMMARY

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	1,303,699	1,267,175	1,097,310	925,334	642,299
Profit for the year	168,491	107,490	318,739	283,357	207,043
Assets					
Non-current assets	2,566,205	2,465,221	2,293,445	1,346,643	1,409,703
Current assets	2,334,173	2,231,143	1,396,658	1,837,072	1,544,846
Total assets	4,900,378	4,696,364	3,690,103	3,183,715	2,954,549
Liabilities					
Current liabilities	815,638	770,136	584,735	481,907	493,601
Non-current liabilities	609,311	602,258	184,311	171,706	102,458
Total liabilities	1,424,949	1,372,394	769,046	653,613	596,059
Total equity	3,475,429	3,323,970	2,921,057	2,530,102	2,358,490

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "Board") of directors (collectively, the "Directors", and each a "Director") of LifeTech Scientific Corporation (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2024.

FINANCIAL REVIEW

During the year ended 31 December 2024, the Group achieved a revenue of approximately RMB1,303.7 million, representing an increase of approximately RMB36.5 million or approximately 2.9% as compared to the revenue of approximately RMB1,267.2 million for the year ended 31 December 2023. Gross profit was approximately RMB981.4 million for the year ended 31 December 2024 as compared to approximately RMB995.6 million for the corresponding period of 2023, representing a decrease of approximately 1.4%.

Net profit for the year ended 31 December 2024 was approximately RMB168.5 million, as compared to the net profit amounting to approximately RMB107.5 million in 2023, representing an increase of approximately 56.7%. The increase was mainly due to the reduction in losses from fair value change of financial liabilities at fair value through profit or loss ("FVTPL"), which was related to the redeemable shares of Biotyx Medical (Shenzhen) Co., Ltd. ("Biotyx Medical").

Net profit attributable to owners of the Company for the year ended 31 December 2024, was approximately RMB222.4 million as compared to the net profit attributable to owners of the Company amounting to approximately RMB263.2 million in 2023, representing a decrease of approximately 15.5%. The decrease was mainly due to (i) the decrease in the net amount of other income, expenses, gains and losses; and (ii) the increase in share-based payment expenses.

OPERATION REVIEW

In 2024, the Company steadily advanced in a complex and ever-changing market environment, continuously consolidating its leading position in the domestic market while accelerating its expansion into international markets. In the field of research and development, the Company significantly increased its investment, with multiple products receiving regulatory approval and successfully launching in the market. Meanwhile, several innovative products have completed pre-market clinical trials. Additionally, the Company's three independently developed innovative medical devices (namely Aortic Stent Graft System, Aortic Arch Stent Graft System, and Thoracoabdominal Artery Stent Graft System) have submitted registration applications during the year. These innovative products had previously passed the special review application of the National Medical Products Administration ("NMPA"), and Aortic Stent Graft System successfully obtained official registration approval in February 2025. On the operational front, the continuous optimization of lean production and quality management systems has laid a solid foundation for the Company's high-quality development.

In 2024, our innovative interventional treatment technologies were recognised with the National Technology Invention Second Prize and the Shanghai Science and Technology Progress First Prize, the project "Development and Domestic and International Promotion of Innovative Endovascular Devices" was awarded the First Prize of the Chinese Medical Science and Technology Award. The Group was also honored with titles such as "Smart Materials Industry Technology Innovation Alliance Unit", "2024 Outstanding Enterprise for Overseas Expansion in the Medical Device Industry", and "Top 10 Enterprises with Added Value in Specialized and Sophisticated Industries". These achievements not only affirm our past efforts, but also highlight our leading position and innovative capabilities in the industry, inspiring us to continue advancing and breaking new ground in the medical field through technological innovation.

PROSPECTS

Looking ahead, we remain committed to our dual-driven strategy of innovation and internationalization, while continuing to deepen our presence in the Chinese market and actively expanding our global footprint. Driven by multiple factors such as GDP growth, rising consumer spending, an aging population, urbanization, and the upgrading of consumption structures, the scale of China's medical device industry is expected to continue its steady growth. At the same time, the relentless pursuit of health and well-being worldwide will further propel the development of the medical device industry.

In 2025, we will continue to evaluate and explore potential opportunities for acquisitions, partnerships, alliances, and licensing on a global scale. Through emerging business developments, we aim to further strengthen and enhance our competitiveness and market position in both our existing key markets and newly selected markets, thereby accelerating the achievement of our strategic goals in the global health industry.

We firmly believe that, with our unwavering commitment to innovation, quality, and global collaboration, we will be able to seize more development opportunities in the future. We will continue to work together to advance medical technology, create long-term value for our stakeholders, and make meaningful contributions to global healthcare.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders and business associates, and thank all Directors, senior management and employees for their past efforts and contributions for the development of the Group. We will strive to explore new business opportunities to achieve sustainable business growth and create returns for shareholders.

XIE Yuehui
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. Currently, the Group operates three main product lines, including the structural heart diseases business, peripheral vascular diseases business and cardiac pacing and electrophysiology business. The structural heart diseases business primarily includes congenital heart diseases occluders and left atrial appendage ("LAA") occluders. The peripheral vascular diseases business mainly includes vena cava filters and stent grafts. The cardiac pacing and electrophysiology business is mainly related to pacemakers. These product lines offer clinically effective and commercially attractive solutions, addressing critical medical needs in the global healthcare market.

The Group currently has distributors in numerous countries across Asia, Europe, North America, South America, and Africa, with sales network spreading all over the world.

Annual performances

During the year ended 31 December 2024, the Group achieved a revenue of approximately RMB1,303.7 million, representing an increase of approximately RMB36.5 million or approximately 2.9% as compared to the revenue of approximately RMB1,267.2 million for the year ended 31 December 2023. China's mainland remained as the Group's largest market, contributing to approximately 73.4% of its total revenue for the year ended 31 December 2024 (2023: approximately 78.3%). Meanwhile, Asia (excluding China's mainland) and Europe were the Group's two largest overseas markets, accounting for approximately 11.7% and 10.1% of total revenue for the year ended 31 December 2024, respectively (2023: approximately 9.0% and 8.8%, respectively). Domestic sales of the Group decreased by approximately 3.5% as compared with the corresponding period of 2023, while overseas sales of the Group increased by approximately 26.0% as compared with the corresponding period of 2023, which was mainly attributable to the Company' s active expansion of overseas business and effective marketing strategies.

Net profit for the year ended 31 December 2024 was approximately RMB168.5 million, as compared to the net profit amounting to approximately RMB107.5 million in 2023, representing an increase of approximately 56.7%. The increase was mainly due to the reduction in losses from fair value change of financial liabilities at FVTPL, which was related to the redeemable shares of Biotyx Medical.

Net profit attributable to owners of the Company for the year ended 31 December 2024 was approximately RMB222.4 million as compared to the net profit attributable to owners of the Company amounting to approximately RMB263.2 million in 2023, representing a decrease of approximately 15.5%. The decrease was mainly due to (i) the decrease in the net amount of other income, expenses, gains and losses; and (ii) the increase in share-based payment expenses.

Sales and marketing

The Group boasts an experienced sales and marketing team with the professional skills to manage existing distribution networks and explore new markets. To enhance brand and product awareness, the Group organised and participated in domestic and international medical conferences, academic activities, seminars, live broadcast workshops, and training sessions for medical professionals. Additionally, the Group is committed to improving its borderless academic exchange platform. The Lifetech Knowledge Exchange Program, initiated by the Group in 2012, connects cardiovascular experts worldwide for academic exchanges. These experts share valuable medical experiences and clinical skills, fostering the development of medical technology in minimally invasive cardiovascular interventions. Such initiatives not only demonstrate the Group's strength in product innovation but also enhance its international influence, ultimately driving the Company's sales growth.

Research and development ("R&D")

Independently developed innovative domestic medical device products maintain the competitive strengths of the Company, and also provide more effective treatments to patients around the world. In 2024, the Company continuously strengthened its innovation capabilities and accelerated the development of products to maintain its leading position in the industry.

During the year ended 31 December 2024, the Group has made the following main progress in the R&D field:

- Futhrough™ Endovascular Needle System, Thrombectomy Aspiration Pump, Balloon Guided Catheter, Distal Access Catheter Kits, Intracranial Aspiration Catheter and HeartTone™ Implantable Cardiac Pacemaker compatible with magnetic resonance imaging ("MRI") obtained the NMPA certification;
- HeartR™ PDA Occluder, Cera™ PDA Occluder, CeraFlex™ PDA Closure System and Fustar™ Steerable Introducer obtained the CE MDR (Medical Device Regulation) certification. Such products have previously obtained the CE MDD (Medical Device Directive) certification;
- Aortic Stent Graft System (consists of the Ankura™ Pro Aortic Stent Graft System and Longuette™ Aortic Branch Stent Graft System), Aortic Arch Stent Graft System (consists of the Ankura™ Plus Aortic Arch Stent Graft System and CSkirt™ Aortic Arch Branch Stent Graft System), Thoracoabdominal Artery Stent Graft System (consists of the G-Branch™ Thoracoabdominal Aortic Stent Graft System, SilverFlow™ PV Peripheral Vascular Stent Graft System and Aortic Extension Stent Graft System), Peripheral Balloon Dilatation Catheter (Large diameter), Iliac Bifurcation Device (consists of the G-iliac™ Pro Iliac Bifurcation Stent Graft System and SilverFlow™ Pro Internal Iliac Stent Graft System), Closure Delivery System, SteerEase™-m Introducer, Yoscop™ Multi-loop Snare System and Microcatheter are pending registration approval in China;
- Aortic Stent Graft System (consists of the Ankura™ Pro Aortic Stent Graft System and Longuette™ Aortic Branch Stent Graft System), Fitaya™ Vena Cava Filter System, Futhrough™ Stent Graft Balloon Catheter, Yuranos™ Abdominal Aortic Stent Graft System, and G-iliac™ Iliac Bifurcation Device are pending registration approval of CE certification;
- Cera™ PFO Occluder, CS™ Concave Supra-arch Branched Stent-Graft System and X-Clip™ Mitral Valve Clip System are currently at the stage of the pre-registration clinical enrollment in China;
- IBS Titan™ Sirolimus-Eluting Iron Bioresorbable Peripheral Scaffold System is currently at the stage of clinical enrollment in China and in Europe and its CE registration application has been submitted; and
- IBS™ Sirolimus-Eluting Iron Bioresorbable Coronary Scaffold System has successfully completed the one-year follow-up and two-year imaging follow-up of the phase II clinical study, and also successfully completed the one-year follow-up of the phase III clinical study, further confirming its safety and efficacy. Additionally, its CE registration application has been submitted.

PATENTS AND BRANDING

Intellectual property is an important intangible asset of the Group, and is also an internal driving force for improving the Group's core competitiveness in the medical device market. During the year ended 31 December 2024, the Group had filed 321 patent applications while 161 patents were registered. As at 31 December 2024, the Group had filed a total of 2,426 valid patent applications, of which 1,089 patents were registered and valid.

FINANCIAL REVIEW

Overview

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

Revenue

The revenue of the Group was approximately RMB1,303.7 million for the year ended 31 December 2024, representing an increase of approximately RMB36.5 million or approximately 2.9% from approximately RMB1,267.2 million for the year ended 31 December 2023. This increase was mainly due to the increase in revenue from the sales of stent grafts and LAA occluders.

Revenue from the structural heart diseases business

The turnover contributed by the structural heart diseases business for the year ended 31 December 2024 was approximately RMB527.6 million, representing a growth of approximately 6.4% from approximately RMB495.7 million for the year ended 31 December 2023.

With the diversification of product portfolio, the Company's products cover a wide spectrum of structural heart diseases business, which mainly include LAA occluders and three generations of congenital heart diseases occluders namely HeartR, Cera and CeraFlex. As compared to the year ended 31 December 2023, the revenue generated from the sales of congenital heart diseases occluders and LAA occluders for the year ended 31 December 2024 increased by approximately 2.9% and 12.4%, respectively.

Revenue from the peripheral vascular diseases business

The turnover contributed by the peripheral vascular diseases business for the year ended 31 December 2024 was approximately RMB751.1 million, representing a growth of approximately 6.2% from approximately RMB707.1 million for the year ended 31 December 2023.

Products offered by the Group in the peripheral vascular diseases business mainly included vena cava filters, Thoracic Aortic Aneurysm stent grafts, Abdominal Aortic Aneurysm stent grafts and Iliac Artery Bifurcation stent grafts. As compared to the year ended 31 December 2023, the revenue generated from the sales of stent grafts for the year ended 31 December 2024 increased by approximately 8.3%, while vena cava filters decreased by approximately 3.4%.

Revenue from the cardiac pacing and electrophysiology business

The turnover contributed by the cardiac pacing and electrophysiology business for the year ended 31 December 2024 was approximately RMB25.0 million, representing a decrease of approximately 61.2% from approximately RMB64.4 million for the year ended 31 December 2023.

Gross profit and gross profit margin

Gross profit of the Group decreased by approximately 1.4% from approximately RMB995.6 million for the year ended 31 December 2023 to approximately RMB981.4 million for the year ended 31 December 2024. Gross profit margin decreased 3.3 percentage points from approximately 78.6% for the year ended 31 December 2023 to approximately 75.3% for the year ended 31 December 2024. The decrease is mainly due to (i) the decrease in the unit selling price of certain products in specific regions due to the impact of the centralised procurement policy; and (ii) the change of sales portfolio and the sales of low gross profit margin products increased.

Other income, expenses, gains and losses

Other income, expenses, gains and losses decreased from gains of approximately RMB99.3 million for the year ended 31 December 2023 to approximately RMB15.1 million for the year ended 31 December 2024, which was mainly due to (i) the increase in the impairment losses of certain suspended development projects; and (ii) the decrease in the net foreign exchange gains.

Financial assets at FVTPL

On 25 May 2018, the Group invested USD6.0 million (equivalent to approximately RMB38.2 million) to subscribe for the partnership interest of approximately 9.69% in Ally Bridge Group Innovation Capital Partners III, L.P., a private equity fund established in the Cayman Islands (the "2018 Equity Fund"). The 2018 Equity Fund principally invests in securities or assets of companies that are involved in the healthcare industry, with a particular focus on cross-border innovative late-stage venture opportunities and cross-over investments. The fair value of the Group's investment in the 2018 Equity Fund as at 31 December 2024 amounted to approximately RMB8.9 million (2023: approximately RMB9.9 million), representing approximately 0.2% (2023: approximately 0.2%) of the Company's total assets. Based on the cumulative net distributions of approximately RMB57.8 million in 2021 and 2020, coupled with the outlook of the healthcare industry, the Company is optimistic on the prospects for the investments of the 2018 Equity Fund.

On 8 January 2021, the Group invested RMB10.0 million to subscribe for a share of the private securities investment fund. The fair value of this investment as at 31 December 2024 amounted to approximately RMB12.5 million (2023: approximately RMB10.3 million), representing approximately 0.3% (2023: approximately 0.2%) of the Company's total assets.

On 24 October 2022, the Group entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for the partnership interest in Ally Bridge Group Global Life Science Capital Partners V, L.P. (the "2022 Equity Fund"), as a limited partner, for an aggregate consideration of USD20.0 million (equivalent to approximately RMB144.4 million) in cash. The purposes of the 2022 Equity Fund are to seek capital appreciation primarily by acquiring, holding and disposing of securities, independently or with others, primarily in non-listed or, sometimes, listed entities involved in the healthcare industry, with a particular focus on leading innovative technologies. The fair value of the Group's investment in the 2022 Equity Fund as at 31 December 2024 amounted to approximately RMB200.5 million (2023: approximately RMB140.7 million), representing approximately 4.1% (2023: approximately 3.0%) of the Company's total assets.

On 28 November 2023, the Group invested RMB50.0 million to subscribe for a share of the private securities investment fund. The fair value of this investment as at 31 December 2024 amounted to approximately RMB30.2 million (2023: approximately RMB50.5 million), representing approximately 0.6% (2023: approximately 1.1%) of the Company's total assets.

The aggregate unrealised foreign exchange gains in financial assets at FVTPL were approximately RMB2.2 million for the year ended 31 December 2024 (2023: gains of approximately RMB2.5 million), and the aggregate gains from changes in fair value of financial assets at FVTPL were approximately RMB38.5 million for the year ended 31 December 2024 (2023: gains of approximately RMB31.4 million).

The investments are classified as financial assets at FVTPL in accordance with IFRS 9. In the opinion of the Directors, the above investments are held for long-term strategic investment purposes and as such, the above investments are classified as non-current assets.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 28.0% from approximately RMB265.3 million for the year ended 31 December 2023 to approximately RMB339.6 million for the year ended 31 December 2024. This increase was mainly due to (i) the increase in staff costs, of which the increase in share-based payment expenses amounted to approximately RMB17.5 million; and (ii) the increase in marketing expenses.

Administration expenses

Administration expenses increased by approximately 10.2% from approximately RMB149.3 million for the year ended 31 December 2023 to approximately RMB164.6 million for the year ended 31 December 2024. This increase was mainly due to the increase in staff costs, of which the increase in share-based payment expenses amounted to approximately RMB18.0 million.

Research and development expenses

Research and development expenses increased by approximately 1.7% from approximately RMB297.9 million for the year ended 31 December 2023 to approximately RMB302.9 million for the year ended 31 December 2024. In addition, during the year ended 31 December 2024, approximately RMB144.9 million (2023: approximately RMB223.5 million) was capitalised in development expenditure. Considering such capitalised expenditure, research and development cost decreased by approximately 14.1% from approximately RMB521.4 million for the year ended 31 December 2023 to approximately RMB447.8 million for the year ended 31 December 2024. This decrease was mainly due to a reduction related to Biotyx Medical in share-based payment expenses, which was approximately RMB100.8 million.

Operating profit

Operating profit decreased by approximately 51.4% from approximately RMB383.3 million for the year ended 31 December 2023 to approximately RMB186.3 million for the year ended 31 December 2024. This decrease was mainly due to (i) the decrease in the net amount of other income, expenses, gains and losses; and (ii) the increase in share-based payment expenses.

Share of results of associates

The Group's share of losses in associates were approximately RMB0.7 million for the year ended 31 December 2024 (2023: losses of approximately RMB2.0 million).

Finance income and finance costs

The Company earned an interest income of approximately RMB15.2 million for the year ended 31 December 2024 (2023: approximately RMB8.8 million).

The finance costs were approximately RMB1.9 million for the year ended 31 December 2024 (2023: approximately RMB0.7 million).

Financial liabilities at FVTPL

In 2020, Lifetech Scientific (Shenzhen) Co., Ltd. (先健科技(深圳)有限公司) ("Lifetech Shenzhen"), a wholly owned subsidiary of the Company, entered into a shareholders' agreement ("Series A Agreement") with certain independent third parties, and in 2023 entered into another shareholders' agreement ("Series B Agreement") with certain independent third parties, for issuance of shares of Biotyx Medical. Pursuant to the above mentioned Series A and Series B Agreements, if Biotyx Medical is unable to meet certain specified conditions under agreed timeframe, some holders of these shares will have the right to require Biotyx Medical to redeem all of their shares at the predetermined consideration. Accordingly, such shares are classified as a financial liability.

The fair value change in relation to the financial liabilities for the year ended 31 December 2024 is insignificant (fair value change of approximately RMB213.8 million was recognised in profit or loss for the year ended 31 December 2023).

Additional information is set out in note 30 and note 40 to the consolidated financial statements in this annual report.

Income tax

Income tax decreased from approximately RMB68.1 million for the year ended 31 December 2023 to approximately RMB30.5 million for the year ended 31 December 2024. This decrease was mainly due to the decrease in assessable income.

Net profit

Net profit for the year ended 31 December 2024 was approximately RMB168.5 million, as compared to the net profit amounting to approximately RMB107.5 million in 2023, representing an increase of approximately 56.7%. The increase was mainly due to a reduction in the losses from fair value change of financial liabilities at FVTPL, which was related to the redeemable shares of Biotyx Medical.

Net profit attributable to owners of the Company for the year ended 31 December 2024, was approximately RMB222.4 million as compared to the net profit attributable to owners of the Company amounting to approximately RMB263.2 million in 2023, representing a decrease of approximately 15.5%. The decrease was mainly due to (i) the decrease in the net amount of other income, expenses, gains and losses; and (ii) the increase in share-based payment expenses.

Equity instruments at fair value through other comprehensive income ("FVTOCI")

On 21 September 2022, the Group entered into a subscription agreement with Jenscare Scientific Co., Ltd. (寧波健世科技股份有限公司) ("Jenscare Scientific") pursuant to which the Group agreed to subscribe for shares of the company upon the initial public offering, as a cornerstone investor, for an aggregate consideration of USD20.0 million (equivalent to approximately RMB143.9 million) in cash with the price of HKD27.8 per share. The fair value of the equity securities in listed entity is determined based on the closing prices quoted in active markets. They are accounted for using their fair values based on quoted market prices. The fair value of this investment as at 31 December 2024 amounted to approximately RMB17.1 million (2023: approximately RMB113.6 million), representing approximately 0.3% (2023: approximately 2.4%) of the Company's total assets.

The unrealised foreign exchange gain in equity instruments at FVTOCI was approximately RMB0.4 million for the year ended 31 December 2024 (2023: gain of approximately RMB1.5 million), and the loss from changes in fair value of equity instruments at FVTOCI was approximately RMB96.9 million for the year ended 31 December 2024 (2023: loss of approximately RMB223.3 million).

Jenscare Scientific is a medical device company dedicated to the development of interventional products for the treatment of structural heart diseases. Established in 2011, it has developed a series of treatment solutions targeting different types of structural heart diseases, including tricuspid valve diseases, aortic valve diseases, mitral valve diseases and heart failure. The shares of Jenscare Scientific are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 9877). The Group held 5,646,600 H shares in Jenscare Scientific, representing approximately 1.8% of its total issued share capital as at 31 December 2024.

The investment is classified as equity instruments at FVTOCI in accordance with IFRS 9. In the opinion of the Directors, the above investment is held for long-term strategic investment purposes and as such, the above investment is classified as non-current asset.

LIQUIDITY AND FINANCIAL RESOURCES

In 2024, the Group mainly financed its operations with its own working capital.

The Group recorded total current assets of approximately RMB2,334.2 million as at 31 December 2024 (31 December 2023: approximately RMB2,231.1 million) and total current liabilities of approximately RMB815.6 million as at 31 December 2024 (31 December 2023: approximately RMB770.1 million). As at 31 December 2024, total current liabilities of the Group primarily included trade payables and other payables amounting to approximately RMB758.2 million (31 December 2023: approximately RMB710.2 million). Trade and other payables primarily included accrued expenses of approximately RMB166.0 million (31 December 2023: approximately RMB163.0 million), of which primarily attributed to clinical expenses and exhibition expenses, as well as accrued payroll and bonus of approximately RMB107.4 million (31 December 2023: approximately RMB107.9 million).

Trade receivables in terms of debtor turnover days decreased to 33 days (2023: 34 days), while trade payables in terms of creditor turnover days decreased to 103 days (2023: 124 days).

The current ratio (calculated by dividing the total current assets by the total current liabilities) of the Group was approximately 2.86 as at 31 December 2024 (31 December 2023: approximately 2.90).

CASH AND CASH EQUIVALENTS

As at 31 December 2024, the Group's cash and cash equivalents were approximately RMB665.8 million, representing a decrease of approximately 32.0% from approximately RMB979.3 million as at 31 December 2023. The decrease was mainly due to (i) part of the cash and cash equivalents deposited as bank structured deposits and fixed bank deposits; and (ii) the increase in purchase of shares under the Group's share award scheme adopted on 3 March 2022. The cash and cash equivalents of the Group were mainly denominated in Renminbi and Hong Kong Dollars.

GEARING RATIO

As at 31 December 2024 and 2023, the Group did not have any bank borrowings and the gearing ratio of the Group (calculated based on the ratio of total bank borrowings to total equity) was zero.

CAPITAL STRUCTURE

Total equity attributable to equity holders of the Company amounted to approximately RMB3,494.5 million as at 31 December 2024 as compared with approximately RMB3,370.2 million as at 31 December 2023.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's financial resources such as cash with the objective of maintaining a strong and healthy liquidity position to ensure that the Group is placed to seize future growth opportunities as and when such opportunities appear.

PROPERTY HELD

On 26 June 2019, Dongguan LifeTech Medical Co., Ltd. (東莞市先健醫療有限公司) ("Dongguan LifeTech"), a wholly-owned subsidiary of the Company, entered into a land use right transfer contract with the Dongguan Natural Resources Bureau (東莞市自然資源局) for the acquisition of land use right of a piece of land which has a site area of 43,604 square meters located at the Southeast of the intersection of South 1 Road and South 8 Road in eastern Songshan Lake, Dongguan, Guangdong, the People's Republic of China ("PRC") (the "Land"). The land use right of the Land is wholly-owned by the Group which was acquired at a total consideration of approximately RMB43.6 million.

On 24 April 2020, Dongguan LifeTech entered into a construction contract with China Construction Second Engineering Bureau Limited for the construction of an industrial park above the Land. The industrial park consists of seven buildings, comprising underground carparks, plant, offices, canteen and dormitories with a total site area of approximately 43,604 square meters to cater for the Group's day-to-day business and operational needs in Dongguan and nearby regions. The contract price for the construction works is up to a maximum aggregate amount of RMB620.0 million. The construction contract was approved by independent shareholders by way of poll at the extraordinary general meeting ("EGM") of the Company held on 30 June 2020. For further details, please refer to the Company's announcements dated 26 June 2019, 24 April 2020 and 30 June 2020 and the circular dated 9 June 2020 for further information.

In May 2023, the Company had obtained property ownership certificates of all buildings and basements. As at 31 December 2024, a portion of the total gross floor area of the industrial park has been allocated for the Company's own operations and external tenant leasing, with the remaining area reserved for future allocation.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held by the Company with a value greater than 5% of its total assets as at 31 December 2024, nor was there any plan authorised by the Board for other material investments or additions of capital assets as at the date of this annual report.

The Group's investment strategy for significant investments is to identify investment opportunities with growth potential within the healthcare industry and seek opportunities for strategic cooperation. Its investment objective is to form long-term strategic partnerships with companies in the medical industry with the potential of enriching its product lines and expanding its business scale thereby maximising shareholders' interest and to create more value.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

CONTINGENT LIABILITIES

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

FINANCIAL INSTRUMENT

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

CAPITAL EXPENDITURE

For the year ended 31 December 2024, the capital expenditure of the Group for property, plant and equipment, construction in progress, intangible assets, right-of-use assets and deposits for acquisition of property, plant and equipment/right-of-use assets amounted to approximately RMB347.7 million (2023: approximately RMB420.7 million).

FOREIGN EXCHANGE RISK

During the year ended 31 December 2024, the Group primarily conducted its operations in both the PRC and Europe. The revenue generated from Europe accounted for approximately 10.1% (2023: approximately 8.8%) of the Group's total revenue. The operational results and financial condition of the Group may be affected by fluctuations in exchange rates involving the currencies used in its business transactions.

Although the Group did not implement any hedging strategies to mitigate this exposure during the reporting period, the management closely monitored foreign currency exposure to maintain net exposure at an acceptable level. The Group expects that exchange rate fluctuations will not have a material adverse effect on its operations in the foreseeable future. However, the Group will consider hedging significant foreign currency exposure should the need arise.

PLEDGES/CHARGES ON GROUP ASSETS

As at 31 December 2024, the Group did not have any pledges/charges on its assets (2023: nil).

CAPITAL COMMITMENT

As at 31 December 2024, the Group's capital expenditure contracted for but not provided in the consolidated financial statements amounted to approximately RMB55.1 million (31 December 2023: approximately RMB91.5 million).

SEGMENT INFORMATION

During the year ended 31 December 2024, the revenue of the Group was principally generated from the structural heart diseases business, peripheral vascular diseases business and cardiac pacing and electrophysiology business. Driven by the aging population, urbanization and increased health awareness among the public, the industry is well-positioned for sustained growth. Coupled with the Group's committed research and development efforts, it is expected that the market demand for the Company's products will show an upward trend in the future, which will lead to business growth.

Structural heart diseases business

The Company has developed four generations of congenital heart diseases occluders to satisfy various patients' needs while implementing differentiated marketing strategies. Simultaneously, the Company continues to upgrade the LAA occluders with innovative technology to meet the growing treatment demand. Driven by a large number of patients with atrial fibrillation worldwide, the global market for the LAA occluders is anticipated to sustain growth in the forthcoming years.

Peripheral vascular diseases business

The Company offers patients technology-leading systemic and comprehensive interventional medical devices treatment solutions to peripheral vascular diseases. Among those products, vena cava filters and stent graft systems occupy a leading market share in the domestic market. With the aging population, increased disease detection rates and expanded product applications, market demand for these products is expected to continue growing.

Cardiac pacing and electrophysiology business

The Company is the first manufacturer in China that has a complete product portfolio of implantable cardiac pacemakers with international-level technology and functions. China currently has a large amount of unsatisfied demand for pacemaker implantation treatment, and there is good potential for domestically-made pacemakers to substitute imported pacemakers.

Financial information related to these aspects is presented in note 5 to the consolidated financial statements in this annual report.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 1,392 full-time employees (31 December 2023: 1,446) and three executive Directors (31 December 2023: two). Total staff costs, including Directors' emoluments, amounted to approximately RMB467.9 million for the year ended 31 December 2024 (2023: approximately RMB379.8 million).

The employees of the Group who operate in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government under which the employees are entitled to a monthly pension after retirement. The Group is required to contribute a certain percentage of employee's salaries to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the aforementioned specified contributions. The Group operates the Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. Contributions to these schemes are expensed as incurred. During the year ended 31 December 2024, the total costs paid or payables in relation to contributions to the retirement benefits scheme was approximately RMB38.1 million (2023: approximately RMB33.1 million). Forfeited contributions (by the Group on behalf of the employees who leave the aforesaid schemes prior to vesting fully in such contributions) may not be used by the Group to reduce the existing level of contributions.

The Group's remuneration policies were determined with reference to the performance, qualification and work experience of individual employees, as well as the results of the Group and the market conditions. The benefits provided by the Group to its employees include discretionary bonus, transportation and meal subsidies, basic and group medical insurance, work injury insurance, unemployment insurance, annual physical examination, share options, etc. The Group has a fair and effective performance appraisal system and schemes designed to motivate and reward employees at all levels for their performance and achievements. The Company adopted a share option scheme on 22 October 2011 and 17 September 2021, respectively, and also adopted a share award scheme on 28 December 2018 and 3 March 2022, respectively, which provide incentives for employees of the Group and other eligible participants thereunder.

Employees are the cornerstone of enterprise development, and the Group is committed to providing all employees with a secure and comfortable work environment, opportunities of equal employment, trainings and career development, such as orientation programmes for new employees, regulation-related trainings and position skills trainings. The Group has also established a labour union to safeguard the legitimate rights of its employees and to further promote the Group's sustainable, stable and healthy development.

FUTURE PROSPECTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

In 2024, the medical device industry exhibited a robust development trend, with the industry overall demonstrating accelerated technological innovation and steady growth in market demand. Despite the short-term performance pressure faced by domestic medical device enterprises due to the expanded scope of centralised procurement for high-value medical consumables, this has simultaneously emphasised the urgency of innovation and differentiation, prompting enterprises to continuously seek new growth points.

In response to these changes, the Group has increased its investment in research and development, focusing on the development of new materials and technologies to drive product innovation and expand its product line. The Group firmly believes that through continuous innovation, enterprises can build long-term competitive advantages, effectively address current challenges, and achieve sustainable development.

Looking ahead, the Group will manage existing businesses with a prudent and pragmatic attitude, ensuring stable operations while actively seeking investment opportunities that maximise shareholder returns. By adopting a diversified business strategy, the Group will broaden revenue sources to further reduce business risks. The Group's commitment to technological innovation, production automation, and product quality improvement remains steadfast, as these are not only crucial for enhancing core competitiveness but also the cornerstone of building its innovative capabilities.

Furthermore, the Group will continuously optimise production and sales models, consolidating and further expanding its global market share through refined management and supply chain optimisation. At the same time, the Group will adopt targeted strategies to enhance its international influence, improving its brand image and market recognition. Given the immense potential of the global medical and healthcare industry, the Group will actively seek investment and cooperation opportunities with companies that possess strong market potential, broadening its business scope through resource sharing and complementary advantages to consolidate the Group's leading position in the global medical device industry.

The Group's ambitions in the global medical and healthcare field extend beyond mere market expansion and revenue growth; it is also committed to creating profound social value that benefits patients, doctors, shareholders, and all stakeholders. Facing the continuous changes and challenges in the medical device industry, the Group remains dedicated to driving meaningful innovation, strengthening international cooperation and exchanges, and jointly elevating global healthcare standards, contributing more to the cause of human health.

ENVIRONMENT AND SUSTAINABILITY

The Group is committed to creating a successful business that is not achieved at the expense of the environment. The Company is dedicated to creating an environmentally friendly and sustainable operation. The Group's most significant environmental impact is created within its properties and manufacturing facilities, and through the use of raw materials, electricity, fuel, paper and waste generation. The Group therefore invests in the latest technology to reduce its carbon emissions through energy efficient equipment. Internally, the Group is proactive in addressing its waste and recycling issues.

For further details and related data analysis on the environmental and social performance of the Group, please refer to the Company's 2024 Environmental, Social and Governance Report which will be published as a separate report at the same time as the publication of 2024 annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief on the date of this annual report, the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

EXECUTIVE DIRECTORS

XIE Yuehui (謝粵輝), aged 55, is the chairman, Chief Executive Officer and an executive Director. Mr. XIE has served as the director of Lifetech Shenzhen since October 2000 and was promoted to serve as the chairman of Lifetech Shenzhen since 2005. During the period from 2011 to 2023, Mr. XIE was appointed as a director of three overseas subsidiaries and 11 PRC subsidiaries of the Group. In 2024, Mr. XIE resigned from one PRC subsidiary of the Group as a director. Mr. XIE is primarily responsible for the Group's overall strategic planning and the management of the Group's business. Mr. XIE has about 34 years of experience in business management in the PRC, including over 22 years in the medical device industry. In June 2015, Mr. XIE was appointed as a representative of the Sixth Shenzhen Municipal People's Congress. From 1991 to 1993, Mr. XIE served as the project manager of Eastern Tantalum Group (東方鉭業集團). From June 1993 to January 1994, Mr. XIE was the investment manager at a subsidiary of China Southern Securities (南方證券), and was responsible for project investment. From February 1994 to February 1996, Mr. XIE held the position of the deputy general manager at an investment branch of Bank of China, Jilin Province, and was responsible for managing futures investment projects. From February 1996 to December 1998, Mr. XIE served as the manager at the domestic trade department of Shenzhen Huihua Group (深圳市匯華集團) and was responsible for overall trade management. Since June 1998, Mr. XIE was a general manager at Shenzhen Huishibang Technology Company Limited (深圳市匯世邦科技有限公司) and was promoted to its chairman in 2000. During this period, Mr. XIE was responsible for overall business management. Mr. XIE graduated from Kunming Institute of Technology (昆明工學院) in July 1991 with a bachelor's degree in materials specialising in pressurised processing of metals (金屬壓力加工專業). He also obtained a master's degree in business administration from Tsinghua University in July 2006.

LIU Jianxiong (劉劍雄), aged 54, is the Executive Vice President, Chief Financial Officer, Company Secretary and an executive Director. He was appointed as a non-executive Director on 2 March 2015 and was subsequently re-designated as an executive Director with effect from 27 March 2015. On 13 July 2017, he was promoted to serve as Vice President. On 12 April 2019, he was further promoted to serve as Executive Vice President. Mr. LIU joined the Group in September 2010 and he has been appointed as a director of a number of the Company's subsidiaries, including LifeTech Scientific (Europe) B.V., LifeTech Scientific (Netherlands) B.V., Dongguan LifeTech-Quantum Medical Technology Co., Ltd., Lifetech Scientific America Corporation and LifeTech Scientific International Holding Limited successively since 2015. Mr. LIU was also appointed as the supervisor of Shenzhen LifeTech Innovation Medical Investment Co., Ltd. (深圳市先健創新醫療投資有限公司) in 2020. Mr. LIU has about 32 years of experience in the accounting field. He started his career as an auditor at Kwan Wong Tan & Fong (currently Deloitte Touche Tohmatsu) in 1993, and was primarily responsible for carrying out audits and consultancy work. Mr. LIU then continued to work with a number of multinational companies. From 1997 to 2001, he was the accounting services manager of Yantian International Container Terminal Company Limited (鹽田國際集裝箱碼頭有限公司). From 2001 to 2003, Mr. LIU was the financial controller of Shenzhen Schlumberger Electronic System Solution Co., Ltd. (深圳斯倫貝謝電子系統有限公司). From March 2007 to July 2007, Mr. LIU was the China financial controller of China Light & Power Group's renewable energy division. From December 2007 to February 2010, Mr. LIU was the corporate controller of AnyDATA Group in the Great China, and was responsible for financial management, accounts audit, tax planning, raising capital and preparation of financial accounts in accordance with accounting standards in PRC, U.S. and Hong Kong. He has been a member of the Association of Chartered Certified Accountants since 1997 and a registered tax agent since 1999. Mr. LIU graduated from Zhongshan University's faculty of physics with a major in modern physics technology in July 1990. He obtained a master's degree in business administration from University of Glamorgan in the United Kingdom in December 2004.

RUAN Xingmei (阮杏梅), aged 41, holds a bachelor's degree in management, majoring in accounting, from Jinan University (暨南大學). Ms. RUAN obtained her Intermediate Accountant Certificate in 2014 and her Tax Advisor Certificate in 2017. Ms. RUAN has over 17 years of experience in financial accounting, financial analysis, budget planning, tax management, and internal control management. Ms. RUAN is the Chief Compliance Officer of the Group, responsible for the compliance management, financial management and information technology management of the Group. Ms. RUAN joined the Group in 2014 and was promoted to the role of Deputy Finance Director in 2021. On 12 December 2024, she was appointed as the Chief Compliance Officer. Ms. RUAN is also the supervisor and financial person-in-charge of various subsidiaries and associates of the Group. Before joining the Group, Ms. RUAN worked at Foshan Innolux Optoelectronics Ltd. (佛山群志光電有限公司), AnyDATA Group, and Shenzhen Century Technology Co., Ltd. Yuen Tong (深圳市源通世紀科技有限公司).

NON-EXECUTIVE DIRECTORS

JIANG Feng (姜峰), aged 62, was appointed as a non-executive Director on 1 April 2014. Mr. JIANG is currently vice president of China Association for Medical Devices Industry, chairman of China Strategic Alliance of Medical Devices Innovation, deputy director of Biomedical Engineering Education Steering Committee of the Ministry of Education (教育部生物醫學工程專業教育指導委員會) and chairman of TC94 sub-committee of National Standards Technical Committee (國家標準技術委員會). Mr. JIANG had been working as a clinician for 12 years before he left the hospital in 1997 to establish his own business. For his outstanding achievements, Mr. JIANG was considered to be special talent by SASAC and was chosen to be a leader of national large medicine and device companies for a long term, including as chairman and general manager of China National Pharmaceutical Group Corporation North West Company and China National Medical Equipment Co., Ltd.. During that period, Mr. JIANG was in charge of or participated in restructuring, mergers and acquisitions and transformations for the listing of nearly 40 relevant companies. Mr. JIANG served as a general manager of China National Medical Equipment Co., Ltd. for 9 years, during which he accomplished the substantial transformation of the enterprise from an exhibition business to the production and operation of medical devices by establishing China's first Sino-foreign joint venture medical device distribution company and making it the largest domestic medical device distributor within 5 years. Mr. JIANG had been president and standing vice president of China Association for Medical Devices Industry for 22 years, during which he visited and evaluated over a thousand of member enterprises. For around 15 years as a chairman of China Strategic Alliance of Medical Devices Innovation, he has been assisting the science and technology department and local science and technology bureaus in assessing subjects of hundreds of medical device projects and conducting subsequent management. Benefiting from his extensive work experience in the industry, Mr. JIANG is expert at the operation and management of medical companies and understands development trends of the industry, particularly in industrial innovation and international marketing. Since 8 November 2016, Mr. JIANG was appointed as an independent non-executive director of Hangzhou Kangji Medical Instrument Co., Ltd. for a term of three years. Since January 2022, Mr. JIANG was appointed as an independent director of Eyebright Medical Technology (Beijing) Inc. for a term of three years. Since December 2022, Mr. JIANG was appointed as an independent director of Dynamiker Biotechnology (Tianjin) Co., Ltd. and resigned in June 2023. Since April 2023, Mr. JIANG has been appointed as an independent director of SWS Hemodialysis Care Co., Ltd.. Since September 2023, Mr. JIANG has been appointed as an independent director of Inkon Life Technology Co., Ltd.. Mr. JIANG graduated from the Fourth Military Medical University with a bachelor's degree in Medicine in 1985 and obtained his doctoral degree in clinical surgery in 1995 from the Fourth Military Medical University. He obtained an EMBA degree from Tsinghua University in 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS

LIANG Hsien Tse Joseph (梁顯治), aged 70, was appointed as an independent non-executive Director with effect from 22 October 2011. Mr. LIANG has extensive experience in finance and accounting. From November 1993 to August 2001, Mr. LIANG served as the finance manager at Hong Kong International Terminals Limited for Yantian International Container Terminals, both being container terminal companies managed by the Hutchison Port Holdings Trust. From August 2001 to October 2005, Mr. LIANG held various positions at Skyworth Digital Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 751), including the group's financial controller and company secretary in charge of finance and MIS functions of the Group. From October 2005 to December 2008, Mr. LIANG was a director at Shenzhen Alclear Consulting Limited, a company engaging in financial, corporate management and investment consultancy services, and was responsible for developing accounting training in China. From October 2009 to September 2011, Mr. LIANG was the managing director of the financial planning and development department at United International College ("UIC") in Zhuhai, PRC, and was responsible for serving financial advisory and human resources management functions. From October 2011 to September 2012, Mr. LIANG served as special consultant on campus development at UIC. He was the executive vice president of Finance of TWS Industrial (Holdings) Ltd. since October 2011, a private company engaged in battery production. He later worked as consultant in it from August 2013 to December 2013. He returned to full time teaching as an associate professor at UIC in September 2013. Mr. LIANG graduated from Hong Kong Open University with a bachelor's degree in language and translation in December 2007. Mr. LIANG obtained a master's degree in professional accounting from University of Texas, Austin in May 1981 and a diploma in business management from Hong Kong Baptist College in December 1977. Mr. LIANG has been a member of the Texas Society of Certified Public Accountants, Hong Kong Institute of Certified Public Accountants (formerly known as the "Hong Kong Society of Accountants") since June 1982 and Association of Certified Chartered Accountants (ACCA) since May 1982. On 19 February 2013, Mr. LIANG was appointed as an independent non-executive director of North Asia Strategic Holding Limited, a company listed on GEM (Stock Code: 8080) for a term of three years. He was re-appointed as an independent non-executive director of North Asia Strategic Holding Limited for another three years commencing 19 February 2016. He retired from the position with effect from the expiry of his term of appointment (ie. 19 February 2025). Mr. LIANG was also appointed on 6 June 2014 for a one-year term as an independent non-executive director of China Animal Healthcare Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 940) and resigned on 26 June 2015. Since 30 December 2022, Mr. LIANG has been appointed as an independent non-executive director of Cryofocus Medtech (Shanghai) Co., Ltd., a company listed on the Main Board of the Stock Exchange (Stock Code: 6922).

WANG Wansong (王皖松), aged 55, was appointed as an independent non-executive Director on 29 January 2016. Mr. WANG is currently the director of Shenzhen YUTO Foundation (深圳市裕同公益基金會), the partner of Shenzhen Songhe International Capital Fund and has been engaged in high-tech industry development planning and policy research for a long time, he has extensive experience in technological innovation, achievements transformation for the bio-pharmaceutical industry and medical device industry. From 1997 to 2014, Mr. WANG worked at Development and Reform sectors of the Shenzhen Government. From 2014 to 2018, Mr. WANG was appointed as a senior researcher at the State High-Tech Industrial Innovation Center in Shenzhen (深圳市國家高技術產業創新中心). Mr. WANG holds a bachelor's degree in biology from Peking University.

ZHOU Luming (周路明), aged 66, was appointed as an independent non-executive Director with effect from 1 April 2014. Mr. ZHOU is currently the president of the Shenzhen CRI Innovation Center (深圳市源創力離岸創新中心) and the chairman of Shenzhen CRI Qingyuan Investment Management Co., Ltd. (深圳市源創力清源投資管理有限公司). He was a teacher in South-Central Minzu University from July 1984 to May 1992. During that period, he published a professional work titled Systems Science (系統科學) together with a number of academic papers. From May 1992 to September 2001, he worked in the Shenzhen Technology Bureau (深圳市科技局) as the head of the compliance division, director of general office and head of the planning division, taking charge of the establishment of a series of major legislations and research on decision-making work. Mr. ZHOU acted as deputy dean of the Research Institute of Tsinghua University in Shenzhen from September 2001 to May 2004. He was deputy director of the Shenzhen Technology Bureau from May 2004 to May 2008. During the period from 2005 to 2008, Mr. ZHOU presided over series of study on innovative cities. From 2008 to March 2014, when he served as chairman of the Shenzhen Science and Technology Association, he established a great number of private-funded research institutes of international advanced level, which involved metamaterial, new energy and precise manufacturing. His experience in directing the restructuring of the Shenzhen Science and Technology Association was highly appreciated by major leaders of the China Association of Science and Technology and was promoted within the system of the associations of science and technology. Mr. ZHOU graduated from the Faculty of Physics of Central China Normal University in 1984, and obtained his EMBA degree after graduating from Tsinghua University in 2005.

SENIOR MANAGEMENT

XIE Yuehui (謝粵輝): Please refer to the section headed "Directors — Executive Directors" above for the details of his biography.

LIU Jianxiong (劉劍雄): Please refer to the section headed "Directors — Executive Directors" above for the details of his biography.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles of corporate governance and applied the code provisions of the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of corporate governance and confirms that it has complied with the code provisions set out in the CG Code throughout the year ended 31 December 2024, save for a deviation from code provision C.2.1 of the CG Code as Mr. XIE Yuehui served as both the Chairman of the Board and the Chief Executive Officer. Details are set out in the section headed "Chairman and Chief Executive Officer" below. The Company is committed to making necessary arrangements to comply with all the code provisions.

The Board will continue to review and enhance the corporate governance practice of the Company to ensure compliance with the CG Code, keep abreast of the latest developments, and meet the rising expectations of shareholders and investors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 to the Listing Rules.

Having made specific enquiry with all Directors, each of the Directors has confirmed that he/she has complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions by the Directors adopted by the Company during the year ended 31 December 2024. Details of the shareholding interests held by the Directors as at 31 December 2024 are set out on page 47 of this annual report.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code. No incident of non-compliance with the Model Code by such employees was noted by the Company during the year ended 31 December 2024.

BOARD OF DIRECTORS

As at the date of this annual report, the Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors, and changes to the Board members during 2024 and up to the date of this annual report are as follows:

Executive Directors

XIE Yuehui *(Chairman and Chief Executive Officer)*
LIU Jianxiong *(Executive Vice President, Chief Financial Officer and Company Secretary)*
RUAN Xingmei *(Chief Compliance Officer, appointed on 12 December 2024)*

Non-executive Director

JIANG Feng

Independent Non-executive Directors

LIANG Hsien Tse Joseph
WANG Wansong
ZHOU Luming

Pursuant to Rule 3.09D of the Listing Rules, Ms. RUAN Xingmei obtained legal advice on 10 December 2024 from Allen Overy Shearman Sterling, the Company's legal advisers in Hong Kong, as regards, among others, the requirements under the Listing Rules that are applicable to her as a director of a listed issuer. MS. RUAN Xingmei has confirmed that she understood her obligations as a Director.

No member of the Board shares any relationship (including financial, business, family or other material or relevant relationships) with another member of the Board.

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

The Company is governed by the Board, which is responsible for establishing and overseeing the overall purpose, values, strategy and development of the Company and satisfying itself that these and the Company's culture are aligned, acting with integrity, leading by example, promoting the desired culture monitoring the internal control policies, evaluating the financial performance of the Group and approving the Group's annual budget, business plans, major investments and funding decisions. The Board supervises the management of the business and the affairs of the Group and sets the overall strategies and directions for the Group with a view of developing its business and enhancing shareholders' value. The Group has adopted internal guidelines which set forth matters that require the Board's approval. Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. The Board delegates day-to-day activities to the management with department heads responsible for different aspects of the business and gives clear directions as to the management's powers including where management should report back and obtain prior board approval before making decisions or entering into any commitments on the Company's behalf. Management is required to present an annual budget and any proposal for major investments and changes in business strategies for the Board's approval. The non-executive Directors serve the relevant functions of bringing independent judgment on the strategy, policy, development, performance, accountability, resources, key appointments, standards of conduct and risk management of the Group through their contributions in Board meetings; taking the lead where potential conflicts of interests arise; and scrutinizing the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting. They are also serving on the audit committee, the remuneration committee and the nomination committee of the Company. The Chairman shall promote a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular and ensuring constructive relations between Executive Directors and non-executive Directors.

During the year ended 31 December 2024, the Board complied, at all times, with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received an annual confirmation of his independence from each of the independent non-executive Directors as required under Rule 3.13 of the Listing Rules. The Board considers that each of the independent non-executive Directors remains independent in compliance with the Listing Rules as at the date of this annual report. As each of Mr. LIANG Hsien Tse Joseph, Mr. ZHOU Luming and Mr. WANG Wansong would have served the Company as an independent non-executive Director for more than nine years at the annual general meeting (the "AGM") of the Company to be held on 28 May 2025, pursuant to code provision B.2.3 of the CG Code their re-election and appointment will be subject to a separate resolution to be approved by the shareholders of the Company at the AGM.

The Board meets regularly and as warranted by particular circumstances. During the year ended 31 December 2024, the Company held one annual general meeting and the Board held seven meetings for, amongst other things, reviewing and approving the financial and operating performance of the Group.

The attendance record of each member of the Board is set out below:

Name of Directors	Board Meeting	Annual General Meeting
EXECUTIVE DIRECTORS		
XIE Yuehui *(Chairman and Chief Executive Officer)*	7/7	1/1
LIU Jianxiong *(Executive Vice President, Chief Financial Officer and Company Secretary)*	7/7	1/1
RUAN Xingmei *(Chief Compliance Officer, appointed on 12 December 2024) (Note)*	—	—
NON-EXECUTIVE DIRECTOR		
JIANG Feng	7/7	1/1
INDEPENDENT NON-EXECUTIVE DIRECTORS		
LIANG Hsien Tse Joseph	7/7	1/1
WANG Wansong	7/7	1/1
ZHOU Luming	7/7	1/1

Note: As Ms. RUAN Xingmei was appointed on 12 December 2024, none of the Board meetings and the annual general meeting held during the year ended 31 December 2024 were held during her tenure as an executive Director.

Practices and Conduct of Meetings

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings to give all Directors an opportunity to attend.

For regular Board and committee meetings, all agendas, board papers, together with all applicable, complete and reliable information will be sent to all Directors or committees at least three days before a meeting is held. All Directors may propose any business to be included in the agenda of the Board or committee meetings and contact Company Secretary to ensure full compliance with all of the Board's procedures and applicable regulations.

In general, the senior management members shall attend all the regular Board meetings and, if necessary, other Board and committee meetings to advise on the Company's business development, financial and accounting matters, statutory and regulatory compliance, corporate governance as well as other significant issues. The Directors shall receive a comprehensive, formal and tailored induction on appointment, and subsequently any briefing and professional development necessary to ensure that they have a proper understanding of the issuer's operations and business and are fully aware of their responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. The Board may, if appropriate, authorise the Directors to seek independent and professional advice at the expense of the Company. Matters discussed and resolved at Board meetings will be recorded in detail by the Company Secretary who shall prepare and file the minutes or resolutions, which shall be open for inspection at any reasonable time on reasonable notice by any director. Generally, draft minutes of Board meeting shall be issued to the Directors within reasonable time for their comments after such meeting is held, and the final version will be open for inspections by the Directors.

The articles of association of the Company (the "Articles of Association") contain provision requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or their associates have a material interest and this provision has always been complied with.

Continuous Professional Development for Directors

Pursuant to code provision C.1.4 of the CG Code, all Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the year ended 31 December 2024, the Directors participated in a training related to the corporate governance and Listing Rules organised by the Company's Hong Kong legal advisor, and the Company has kept the relevant training records.

During the year ended 31 December 2024, the Directors participated in the following training:

Name of Directors	Participated in continuous professional development[1]
Executive Directors:	
XIE Yuehui *(Chairman and Chief Executive Officer)*	√
LIU Jianxiong *(Executive Vice President, Chief Financial Officer and Company Secretary)*	√
RUAN Xingmei *(Chief Compliance Officer, appointed on 12 December 2024)*	√
Non-executive Director:	
JIANG Feng	√
Independent non-executive Directors:	
LIANG Hsien Tse Joseph	√
WANG Wansong	√
ZHOU Luming	√

1. The training was a seminar with appropriate emphasis on the roles, functions and duties of a director of a listed company.

The Directors confirmed that they have complied with C.1.4 of the CG Code on Directors' training.

Corporate Governance Functions

The Board is responsible for performing the functions set out in A.2.1 of the CG Code. For the year ended 31 December 2024, the Company complied with code provision A.2.1 of the CG Code. During the year ended 31 December 2024, the Board met once to review and monitor the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, code of conduct applicable to the Directors and employees, the compliance with the Model Code and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code which provides that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual. Since March 2015, Mr. XIE Yuehui, Chairman of the Board and an executive Director, was appointed to act as the Chief Executive Officer, and thereafter the roles of the Chairman of the Board and the Chief Executive Officer have been performed by the same individual.

Although the dual roles of Chairman and Chief Executive Officer is a deviation from the code provision C.2.1 of the CG Code, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in an experienced and qualified person such as Mr. XIE Yuehui provides the Company with strong and consistent leadership while allowing effective and efficient planning and implementation of business decisions and strategies.

Under the leadership of Mr. XIE Yuehui, the Board is responsible for the approval and supervision of the Group's general development strategy, the sanction of the annual budget and business plans, the approval of major investments and funding decisions related to the Group's business development, the evaluation of the Group's performance and the supervision of the work of the management, and ensures that the Board acts in the best interests of the Group, operates effectively and performs the necessary duties, as well as discuss all the significant and appropriate issues of the Company's business in a timely manner. All the Directors are entitled to propose the inclusion of any item in the agenda of the Board meeting, which the Chairman shall be primarily responsible for drawing up and approving, for appropriate discussion. The Chairman will ensure all the Directors are properly briefed on the issues arising at Board meetings, provided with sufficient, accurate, complete and reliable information in a timely manner required for necessary analysis based on their expertise, and encouraged to make a full and active contribution to the board's affairs.

As the Chief Executive Officer of the Company, Mr. XIE Yuehui has delegated sufficient authority for the operation and management of the Group's business to the senior management members, who shall be in-charge of the daily management of the Group in every aspect, including the consistent implementation of the Board's resolutions, and be accountable to the Chief Executive Officer for the operations of various aspects of the Group's business, while the Chief Executive Officer shall be accountable to the Board for the Group's operations as a whole.

Non-executive Directors and independent non-executive Directors

Code provision B.2.2 provides that non-executive Directors should be appointed for a specific term and subject to re-election. The Company's non-executive Director and independent non-executive Directors have been appointed for a term of three years. All of the Company's non-executive Director and independent non-executive Directors in position as at 31 December 2024 are subject to re-election.

COMMITTEES

As part of the corporate governance practices, the Board has established an audit committee, a remuneration committee and a nomination committee. The majority of committees are composed of independent non-executive Directors with terms of reference in accordance with the principles set out in the CG Code.

Audit Committee

The Board established the audit committee (the "Audit Committee") in accordance with code provision D.3.3 of the CG Code.

As at the date of this annual report, the Audit Committee is in compliance with Rules 3.21 to 3.23 of the Listing Rules and consists of three members, all of whom are independent non-executive Directors, namely, Mr. LIANG Hsien Tse Joseph, with appropriate professional qualifications who serves as the chairman of the Audit Committee, Mr. ZHOU Luming and Mr. WANG Wansong. The Board will ensure that the members of the Audit Committee are appropriately qualified to discharge their responsibilities and at least one member has accounting and related financial management expertise or experience.

The terms of reference of the Audit Committee sets out its duties, authorities and responsibilities as delegated by the Board. Its primary duties pursuant to the terms of reference include:

(i) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor;

(ii) reviewing and monitoring the external auditor's independence, objectivity and the effectiveness of the audit process in accordance with applicable standards;

(iii) discussing with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

(iv) monitoring the integrity of the Company's financial statements, the annual and half-yearly report and results and reviewing significant financial reporting judgements contained therein, in particular any changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from audit, compliance with accounting standards and compliance with the Listing Rules and legal requirements in relation to financial reporting;

(v) considering any significant or unusual items that are, or may need to be, reflected in the report and accounts;

(vi) reviewing the Company's internal audit functions, financial controls, risk management and internal control systems;

(vii) discussing the risk management and internal control systems with management;

(viii) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings; and

(ix) reviewing the Group's financial and accounting policies and practices.

The Audit Committee assists the Board to fulfil its oversight role over the Group's risk management and internal control functions by reviewing and evaluating the effectiveness of its overall risk management and internal control systems at least annually. The Audit Committee reviews the risk management and internal control systems and accounting system of the Group to ensure that such systems are appropriate and effective to provide reasonable assurance that assets are safeguarded against unauthorised use or disposition, transactions are executed in accordance with management's authorisation, accounting records are reliable for preparing financial information and ensuring the business operations are in accordance with relevant legislation, regulations and internal guidelines. With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group has adopted internal policy and procedures which strictly prohibit unauthorised use of inside information and the Company has endeavored to ensure that all members of staff are aware of such policy and procedures.

During the year ended 31 December 2024, the Audit Committee held two meetings and performed the following duties:

(i) reviewed the scope of audit work to be performed by the external auditor, Deloitte Touche Tohmatsu, and met with the external auditor;

(ii) reviewed, discussed and commented on the Company's annual financial results and report in respect of the year ended 31 December 2023 and the interim financial results and report for the six months ended 30 June 2024 and the Group's financial and accounting policies and practices;

(iii) discussed matters with respect to the accounting policies and practices adopted by the Company with senior management members of the Company and the external auditor;

(iv) reviewed and commented on the Group's internal audit functions, internal control measures, financial control and reporting systems, risk management systems and other duties under the CG Code; and

(v) discussed and made recommendations on the re-appointment of the external auditors and made assessment of the performance of the external auditors.

The particulars of the attendance of the Audit Committee are set forth as follows:

Name of the members of the Audit Committee	Number of meetings attended/ convened
Chairman:	
Mr. LIANG Hsien Tse Joseph	2/2
Members:	
Mr. ZHOU Luming	2/2
Mr. WANG Wansong	2/2

The Group's annual audited results for the year ended 31 December 2024 have been reviewed by the Audit Committee of the Board, which was of the opinion that the preparation of such results has complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

Remuneration Committee

The Board established the remuneration committee (the "Remuneration Committee") in accordance with code provision E.1.2 of the CG Code. As at the date of this annual report, the Remuneration Committee is in compliance with Rules 3.25 to 3.27 of the Listing Rules and consists of three members, the majority of whom are independent non-executive Directors. Mr. WANG Wansong, an independent non-executive Director, serves as the chairman of the Remuneration Committee while Mr. LIANG Hsien Tse Joseph, an independent non-executive Director, and Mr. XIE Yuehui, an executive Director, serve as members of the Remuneration Committee.

The terms of reference of the Remuneration Committee sets out its duties, authorities and responsibilities as delegated by the Board. Its primary duties pursuant to the terms of reference include:

(i) making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies;

(ii) determining, with delegated responsibility, the remuneration packages, including, where appropriate, benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of their office or appointment, of individual executive Directors and members of the senior management, and a significant proportion of the executive Directors' remuneration shall be linked to corporate and individual performance;

(iii) reviewing and approving the management's remuneration proposals with reference to corporate goals and objectives resolved by the Directors from time to time;

(iv) making recommendations to the Board on the remuneration of non-executive Directors (including independent non-executive Directors); and

(v) considering the grant of share-based compensation to eligible participants pursuant to the share option scheme and share award scheme adopted by the Company.

The Remuneration Committee held two meetings during the year ended 31 December 2024, to, amongst other things, consider the remuneration policy, assess the performance of the executive Directors and the grants of share options under the share option scheme adopted by the Company. The particulars of the attendance of the Remuneration Committee are set forth as follows:

Name of the members of the Remuneration Committee	Number of meetings attended/ convened
Chairman:	
Mr. WANG Wansong	2/2
Members:	
Mr. LIANG Hsien Tse Joseph	2/2
Mr. XIE Yuehui	2/2

Taking into account the performance and contributions of such Directors and employees during the year, the Remuneration Committee considered appropriate and approved to grant 174,750,000 share options to such eligible participants on 24 January 2024 under the Share Option Scheme (as defined below) as a reward for their services and incentive for them to continue to contribute to the growth of the Group's business.

Nomination Committee

The Board established the nomination committee (the "Nomination Committee") in accordance with code provision B.3.1 of the CG Code. As at the date of this annual report, the Nomination Committee consists of three members, the majority of whom are independent non-executive Directors, namely Mr. ZHOU Luming, an independent non-executive Director, who serves as the chairman of the Nomination Committee, Mr. XIE Yuehui, an executive Director, and Mr. LIANG Hsien Tse Joseph, an independent non-executive Director, serve as members of the Nomination Committee.

The terms of reference of the Nomination Committee set out its duties, authorities and responsibilities as delegated by the Board. Its primary functions pursuant to the terms of reference include:

(i) reviewing the structure, size and diversity of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Nomination Committee shall consider candidates on merits and against objective criteria with due regard for the benefits of diversity on the Board;

(iii) assessing the independence of independent non-executive Directors;

(iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future; and

(v) reviewing the board diversity policy (the "Board Diversity Policy") and the progress on achieving the objectives for implementing the Board Diversity Policy.

The Board adopted a Board Diversity Policy in accordance with the CG Code. The Company recognises the benefits of having a diverse Board, and considers diversity at Board level essential in achieving a sustainable and balanced development. Pursuant to the Board Diversity Policy of the Board, when recommending suitable candidates to the Board, the Nomination Committee will take merits of the candidates into consideration, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service, and will take into account the business model and specific needs of the Company from time to time.

The Nomination Committee and the Board would ensure that appropriate balance of gender diversity is achieved with reference to the expectation of shareholders as well as international and local recommended best practices. According to Rule 13.92 of the Listing Rules, the Stock Exchange will not consider diversity to be achieved for a single gender board. For the year ended 31 December 2023, the Company was with a single gender Board. In order to meet the requirements of the Listing Rules, the Nomination Committee has set a clear target to appoint a director of a different gender to its Board by no later than 31 December 2024 in accordance with Rule 13.92 of the Listing Rules and the CG Code, and such target was achieved when the Company appointed one female Director on 12 December 2024. As at the date of this report, the Board comprises six male Directors and one female Director, and the Nomination Committee considers that the Board is sufficiently diverse. To ensure gender diversity of the Board in the long run, the Group will seek to identify and select several female individuals with a diverse range of skills, experience and knowledge in the field of the Group's business from time to time, and maintain a list of such female individuals who possess qualities to become the Board members in order to develop a pipeline of potential successors to the Board to promote gender diversity of the Board.

The workforce of the Group (including its senior management) comprised approximately 51.25% male employees and 48.75% female employees as at 31 December 2024. Due to the nature of work in the medical device industry, the Group mainly considers factors such as the candidates' ability and experience, rather than their gender, in recruiting employees. The Company regularly reviews the gender diversity of its workforce and will continue to enhance diversity in different levels of its workforce.

The Nomination Committee held two meetings during the year ended 31 December 2024 with reference to the policy for the nomination of Directors and the nomination procedure, process and criteria to select and recommend candidates for directorship, identify and make recommendations to the Board on the selection of individuals nominated for directorship, and considered the qualifications of the retiring Directors standing for re-election at the AGM. The Nomination Committee reviewed the structure, size and composition of the Board to ensure it has an appropriate balance of skills, expertise and experience. Also, the Nomination Committee resolved that (i) the structure of the Board to be recommended to the Board for approval; (ii) the independence of the independent non-executive Director to be recommended to the Board for approval; and (iii) nomination of the directors for re-election at the forthcoming AGM and to be recommended to the Board for approval. The particulars of the attendance of the Nomination Committee are set forth as follows:

Name of the members of the Nomination Committee	Number of meetings attended/ convened
Chairman:	
Mr. ZHOU Luming	2/2
Members:	
Mr. XIE Yuehui	2/2
Mr. LIANG Hsien Tse Joseph	2/2

The Nomination Committee has declared the interest of the members of the Board, reviewed the structure, size and composition of the Board, assessed the independence of independent non-executive Directors, nominated directors to be re-elected at the forthcoming AGM and reviewed the nomination policy, including nomination procedure and recommendation criteria.

BOARD INDEPENDENCE

The Board reviewed and considered that the following key features or mechanisms under Company's governance structure are effective in ensuring that independent views and input are provided to the Board.

Board and committees' structure	• The Company has been steered by a Board comprising a majority of non-executive Directors. The Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors. • Members of all committees are independent non-executive Directors (save for Mr. XIE Yuehui in the Remuneration Committee and the Nomination Committee).
Independent non-executive Directors' tenure	• The directors' nomination policy of the Company sets a maximum tenure of nine consecutive years for independent non-executive Directors to be eligible for nomination by the Board to stand for re-election by shareholders unless the Board considers that such director is still independent and should be re-elected.
Independent non-executive Directors' remunerations	• Independent non-executive Directors receive fixed fee(s) for their roles as members of the Board and committee(s) as appropriate, and have not participated in the share schemes of the Company.
Appointment of independent non-executive Directors	• When assessing suitability of the candidates, the Nomination Committee will review their profiles, including their qualification and time commitment, and having regard to the Board's composition, the Directors' skill matrix, the list of selection criteria approved by the Board, its nomination policy and the Board Diversity Policy.
Annual review of independent non-executive Directors' independence	• the Board assessed the annual independence confirmation received from each independent non-executive Director, having regard to the criteria under Rule 3.13 of the Main Board Listing Rules.
Conflict management	• the Articles of Association of the Company provide guidance to the Directors on avoiding conflicts of interest and on the circumstances under which appropriate action(s) shall be taken by the Director in conflict.
Professional advice	• To facilitate proper discharge of their duties, all Directors are entitled to seek advice from the Company Secretary or the in-house legal team as well as from independent professional advisers at the Company's expense.
Board evaluation	• The quality and efficiency of discussions at Board meetings are assessed during the annual evaluation of the Board's performance.

REMUNERATION OF EXTERNAL AUDITOR

For the year ended 31 December 2024, the Group's external auditor, Deloitte Touche Tohmatsu, provided annual audit services and non-audit services to the Group, the total fees paid/payable in respect of annual audit services and non-audit services were approximately RMB2.7 million and RMB0.1 million. The non-audit services performed by Deloitte Touche Tohmatsu was related to tax consultation.

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditor. Such appointments, re-appointments and removals are subject to the approval of the Board and shareholders at the general meetings of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective risk management and internal control systems in order to safeguard the interests of the shareholders and the assets of the Company against unauthorised use or disposition, ensuring the maintenance of proper accounting books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

The Group has a system of internal controls conducted by internal control personnel in place, the key elements of which are as follows:

- formal policies and procedures are in place, including having proper procedures and rules relating to the delegation of authorities and use of Group's assets;
- qualified staff members are responsible for important business functions and such staff members are subject to annual appraisal procedures;
- monthly business and financial reports are prepared to provide management with relevant, timely and reliable financial and other information about the Group;
- establishing an effective incentive and restraint mechanism and risk prevention awareness, cultivating a good corporate spirit and internal control culture, and mobilising employees' enthusiasm to create an environment where all employees fully understand and perform their duties.

The Company also has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the issuer's risk management and internal control systems, resolves material internal control defects and reports their findings to the Board.

During the year ended 31 December 2024, the Board has conducted a review on the effectiveness of the Group's risk management and internal control systems, including financial, operational and compliance controls, and discussed relevant proposals made by senior management in order to ensure adequate and effective systems of risk management and internal control. The Board will continue to conduct such review at least once a year and continue to assess the effectiveness of risk management and internal controls by considering reviews presented by the Audit Committee, executive management and the internal compliance coordinators of the Company. The Board is satisfied that, based on the information supplied, coupled with its own observations and with the assistance of the Audit Committee, the present internal controls and risk management processes are satisfactory, effective and adequate for the nature and size of the Group's operations and business.

WHISTLEBLOWING POLICY

The Group has established an extensive and open whistleblowing channel to clearly specify the scope of acceptance and handling procedures, encouraging whistleblowers to report on any organisations' and individuals' illegal and undisciplined misconduct. Upon receipt of the report, the supervision department verifies the problem clues, conducts examinations and investigations for reports that fulfil the case initiation requirements and transfers the suspected non-compliance case to the procuratorate.

ANTI-CORRUPTION POLICY

The Board attaches great importance to business conducts and anti-corruption work. The Group is committed to achieving the highest standards of integrity and ethical behavior in conducting business. The Group has formulated various practical and comprehensive anti-corruption measures which set out an accountability mechanism for non-compliance acts, compliance management policies, and specific behavioural guidelines for the Group's personnel and business partners to follow to combat corruption.

DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Company for the year ended 31 December 2024, which gives a true and fair view of the results and financial position of the Group. The Directors consider that in preparing financial statements, the Group ensures to meet statutory requirements, applies appropriate policies that are consistently adopted as well as makes judgments and estimates that are reasonable and prudent in accordance with the applicable accounting standards.

The Directors are responsible for ensuring that accounting records are kept properly so that the Group could prepare financial statements in accordance with statutory requirements and the Group's accounting policies. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities within the Group.

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

The statement of the independent auditors of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company and the Group is set out in the Independent Auditors' Report on pages 67 to 71 of this annual report.

COMPANY SECRETARY

Mr. LIU Jianxiong was appointed as the Company Secretary of the Company on 22 October 2011. Mr. LIU has over 32 years of experience in the accounting field. During the year ended 31 December 2024, Mr. LIU undertook not less than 15 hours of relevant professional training as required under Rule 3.29 of the Listing Rules to update his skills and knowledge in corporate governance and compliance issues. The biographical information of Mr. LIU is set out in the "Biographical Details of Directors and Senior Management" section on page 20 of this annual report.

The Company Secretary reports to the Chairman. All Directors have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

SHAREHOLDERS' RIGHTS

Pursuant to article 12.3 of the Articles of Association, an EGM shall be convened on written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist holds as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. Except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, all resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules, poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting. The Chairman of the meeting shall ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.

There is no provision allowing shareholders to move new resolutions at general meetings under the Cayman Islands Companies Law or the Articles of Association. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

In relation to the proposal of a person for election as a Director, please refer to the procedures available on the website of the Company at www.lifetechmed.com.

Shareholders may send their enquiries or proposals to the Company for putting forward such enquiries and concerns to the Board at any time. Contact details are as follows:

Address: 31/F, 148 Electric Road, North Point, Hong Kong

Fax: +86 755 86026251

Email: sa@lifetechmed.com

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. The Company is committed to a policy of open and timely disclosure of corporate information to the shareholders of the Company and investors.

Besides, the Board maintains regular dialogues with institutional investors and analysts to keep the shareholders and investors timely informed of the Group's strategy, operations, management and plans. The directors and members of the various Board committees would attend and answer questions raised at the AGM, and significant issues will be put as separate proposed resolutions. The Company encourages the shareholders to attend the AGM and other general meetings to communicate their views and concerns to the Board directly to ensure a high level of accountability.

The Company updates its shareholders on its latest business developments and financial performance through its annual and interim reports and notices, announcements and circulars. The website of the Company (www.lifetechmed.com) provides a communication platform to the public and the shareholders. In March 2012, the Board also established a written shareholders' communication policy. To promote effective communication, the Company maintains a website at www.lifetechmed.com., where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Investors may write directly to the Company or via email to sa@lifetechmed.com for any inquiries. The Board has conducted a review of the implementation and effectiveness of the shareholders' communication policy during the year ended 31 December 2024. Having considered the multiple channels of communication in place, the Board is satisfied that the shareholders' communication policy has been properly implemented during the year ended 31 December 2024 and is effective.

CONSTITUTIONAL DOCUMENTS

The Company has adopted new Memorandum and Articles of Association which has been approved by the AGM on 27 May 2024 in order to (i) update and bring the Articles of Association in line with the relevant amendments made to the Listing Rules in respect of the electronic dissemination of corporate communications by listed issuers (effective from 31 December 2023); and (ii) to incorporate certain consequential amendments.

Details of these amendments are set out in Appendix III to the AGM circular of the Company dated 18 April 2024 in relation to, among other things, the adoption of the new Memorandum and Articles of Association.

ANNUAL GENERAL MEETING

The Company's AGM is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to communicate face to face with the Directors about the Company's performance and operations. It has been the practice for all the Directors (including the Chairman) and the chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee or, in their absence, other members of the respective committee together with the external auditor of the Company to attend the AGM to answer shareholders' questions.

The last AGM of the Company was held on Monday, 27 May 2024, please refer to the Company's circular and announcement dated 18 April 2024 and 27 May 2024, respectively, for details of the meeting, major items discussed and the voting particulars. The next AGM of the Company will be held on Wednesday, 28 May 2025.

DIRECTORS' REPORT

The Board is pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company while its subsidiaries are principally engaged in the developing, manufacturing and marketing of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. For further details on the principal activities of its subsidiaries, please refer to note 42 to the consolidated financial statements.

Details of the activities during the year ended 31 December 2024 as required by Schedule 5 to the Companies Ordinance, including a description of the principal risks and uncertainties faced by the Group, an indication of likely future development in the Group's business, and the Group's environmental policies and performance, as well as compliance with relevant laws and regulations which have a significant impact on the Company, are set out under the section "Management Discussion and Analysis" on pages 7 to 19 of this annual report.

A fair review of the business of the Company and a discussion and analysis of the Group's performance during the year ended 31 December 2024 and the material factors underlying its results and financial position are provided in the sections headed "Management Discussion and Analysis" respectively on pages 7 to 19 of this annual report. Description of the principal risks and uncertainties faced by the Company can be found throughout this annual report, particularly in the section "Management Discussion and Analysis" on pages 7 to 19 of this annual report. Particulars of the important events affecting the Company that have occurred since the end of the 2024, if any, can also be found in the above-mentioned sections and the notes to the consolidated financial statements. The outlook of the Company's business is discussed throughout this annual report including in the Chairman's Statement from pages 5 to 6 of this annual report.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2024 and the state of affairs of the Group at that date are set out in the consolidated financial statements.

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five years is set out in the Financial Summary on page 4 of this annual report. The summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, approximately 31.9% of revenue from the Group's total sales of goods were attributable to the Group's five largest customers combined, while approximately 8.7% of revenue from the Group's total sales of goods were attributable to the largest customer.

During the year ended 31 December 2024, the percentage of purchases attributable to the Group's largest supplier and the five largest suppliers combined were 12.1% and 42.6%, respectively.

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

SHARE CAPITAL

Details of the movements in share capital of the Company and details of the shares issued during the year ended 31 December 2024 are set out in note 32 to the consolidated financial statements.

THE 2020 PLACING

On 11 December 2020, the Company completed a placing of an aggregate of 287,320,000 new ordinary shares of the Company, with an aggregate nominal value of USD359.15, at a placing price of HKD3.2368 per share pursuant to a placing agreement dated 4 December 2020 (the "2020 Placing").

Pursuant to the 2020 Placing, an aggregate of 287,320,000 new ordinary shares, representing approximately 6.21% of the issued share capital of the Company as enlarged by the allotment and issue of the new shares immediately after the completion of the 2020 Placing, have been successfully placed to not less than six placees who and whose ultimate beneficial owner(s), to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, are independent of the Company. None of the placees and their respective ultimate beneficial owners have become a substantial shareholder (as defined under the Listing Rules) of the Company as a result of the placing.

The placing price of HKD3.2368 per placing share represents:

(i) a discount of approximately 11.6% to the closing price of HKD3.660 per share of the Company as quoted on the Stock Exchange on 3 December 2020, being the trading day prior to the date of the placing agreement;

(ii) a discount of approximately 9.3% to the average closing price of approximately HKD3.570 per share of the Company as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the placing agreement; and

(iii) a discount of approximately 2.3% to the average closing price of approximately HKD3.313 per share of the Company as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the placing agreement.

The net placing price (after deducting the costs and expenses incurred for the 2020 Placing) was approximately HKD3.2366 per placing share. The net proceeds raised from the 2020 Placing were approximately HKD930.0 million. As at 31 December 2024, the usage of the proceeds from the 2020 Placing was as follows:

Intended use of proceeds	Approximate allocation of net proceeds as previously disclosed (HKD in million)	Approximate utilisation of proceeds during the year ended 31 December 2024 (HKD in million)	Approximate utilisation of proceeds as at 31 December 2024 (HKD in million)	Approximate amount of net proceeds unutilised as at 31 December 2024 (HKD in million)	Expected timeline for utilisation of unutilised proceeds
Repayment of certain bank borrowings of the Group	406.0	—	406.0	—	Fully utilised
Funding potential business development involving a new overseas clinical project	465.0	19.1	66.1	398.9	To be applied in 2025 (HKD70.0 million) and 2026 (HKD328.9 million) subject to adjustments (if any)
General working capital of the Group	59.0	—	59.0	—	Fully utilised
Total	**930.0**	**19.1**	**531.1**	**398.9**	

Approximately HKD531.1 million of the net proceeds of the 2020 Placing had been utilised in accordance with the intended use of proceeds. There has been no change in the intended use of net proceeds. The unutilised net proceeds would be brought forward to the next financial year and will be gradually utilised in accordance with the above intended purposes.

The Directors consider that the 2020 Placing represented an opportunity to raise capital while broadening its capital and shareholder base. The Directors were of the view that the 2020 Placing would strengthen the financial position of the Company and provide working capital to the Company.

For further details, please refer to the Company's announcements dated 4 December 2020 and 11 December 2020.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has adopted the principles of corporate governance and complied with the code provisions in the CG Code as set out in Appendix C1 to the Listing Rules throughout the year ended 31 December 2024, save for the deviation from C.2.1 of the CG Code that both the roles of Chairman of the Board and the Chief Executive Officer were served by the same individual. For further information on the Group's corporate governance practices during the year, please refer to the Corporate Governance Report in this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2024, the Company's reserves available for distribution to its owners of the Company amounted to approximately RMB1,008.3 million (2023: approximately RMB1,041.6 million).

Details of movements in the reserves of the Group during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 15 to the consolidated financial statements in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, at least 25% of the Company's total issued share capital was held by the public in compliance with the public float requirement under the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MANAGEMENT CONTRACTS

During the year of 2024, other than the service contracts or appointment letters of the Directors, the Company has not entered into any contract with any individuals, firms or corporate entities which has undertaken the management and administration of the whole or any substantial part of any business of the Company.

DIRECTORS

The Directors during the year and up to the date of this Directors' report are as follows:

Executive Directors

XIE Yuehui *(Chairman and Chief Executive Officer)*
LIU Jianxiong *(Executive Vice President, Chief Financial Officer and Company Secretary)*
RUAN Xingmei *(Chief Compliance Officer, appointed on 12 December 2024)*

Non-executive Director

JIANG Feng

Independent Non-executive Directors

LIANG Hsien Tse Joseph
WANG Wansong
ZHOU Luming

Pursuant to the Articles of Association and code provision B.2.2 of the CG Code, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM of the Company, provided that every Director shall be subject to retirement at an AGM at least once every three years. All Directors in office at the beginning of the forthcoming AGM will retire and, being eligible, offer themselves for re-election at such AGM.

BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

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

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

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTOR'S SERVICE CONTRACTS OR APPOINTMENT LETTERS

Mr. XIE Yuehui, an executive Director, Chairman of the Board and Chief Executive Officer, has signed a service contract with the Company for an initial term of three years commencing from 10 November 2011, which is subject to automatic renewal every three years on the same terms and conditions until terminated by either party giving to the other party forthcoming not less than three months' notice in writing. On 10 November 2014, 10 November 2017, Mr. XIE Yuehui and the Company renewed the service contract which is subject to manual renewal every three years. On 10 November 2020 and 10 November 2023, Mr. XIE Yuehui and the Company further renewed the service contract which is subject to manual renewal every three years.

Mr. LIU Jianxiong has been appointed as an executive Director and entered into a service contract with the Company for an initial term of three years commencing from 27 March 2015 until terminated by either party giving to the other party not less than three months' notice in writing. On 27 March 2018, Mr. LIU Jianxiong and the Company renewed the service contract which is subject to manual renewal every three years. On 27 March 2021 and 27 March 2024, Mr. LIU Jianxiong and the Company further renewed the service contract which is subject to manual renewal every three years.

Ms. RUAN Xingmei has been appointed as an executive Director and entered into a service contract with the Company for an initial term of three years commencing from 12 December 2024 until terminated by either party giving to the other party not less than three months' notice in writing.

Mr. JIANG Feng has been appointed as a non-executive Director and entered into a service contract with the Company for an initial term of three years commencing from 1 April 2014, which is subject to automatic renewal every three years on the same terms and conditions until terminated by either party giving to the other party not less than three months' notice in writing. On 1 April 2017, 26 April 2019 and 26 April 2022, Mr. JIANG Feng and the Company renewed the appointment letter which is subject to manual renewal every three years.

Mr. LIANG Hsien Tse Joseph has been appointed as an independent non-executive Director and entered into a service contract with the Company for an initial term of one year commencing from 10 November 2011, while Mr. ZHOU Luming has been appointed as an independent non-executive Director and entered into a service contract with the Company for an initial term of one year commencing from 1 April 2014, all of which are subject to automatic renewal on an annual basis on the same terms and conditions until terminated by either party giving to the other party not less than one month's notice in writing. On 10 November 2014, each of Mr. LIANG and Mr. ZHOU renewed the service contracts with the Company respectively which is subject to manual renewal every three years on the same terms and conditions until terminated by either party giving to the other party not less than three months' notice in writing. On 1 April 2017, 26 April 2019 and 26 April 2022, each of Mr. LIANG and Mr. ZHOU renewed the appointment letters with the Company respectively which is subject to manual renewal every three years.

Mr. WANG Wansong has been appointed as an independent non-executive Director and entered into an appointment letter with the Company for an initial term of three years commencing from 29 January 2016. On 1 April 2017, 26 April 2019 and 26 April 2022, Mr. WANG Wansong and the Company renewed the appointment letter which is subject to manual renewal every three years.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract or appointment letter with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

EMOLUMENT POLICY

During the year ended 31 December 2024, the Remuneration Committee reviewed the Group's emolument policy and structure for all remunerations of the Directors and senior management of the Company, which are determined with reference to the Group's operating results, individual performance and comparable market practices.

The emoluments of the executive Directors and senior management were determined by the Remuneration Committee, with delegated responsibility from the Board, after taking into account factors including the Group's operating results, individual performance, comparable market practices and their individual qualification, position and seniority. The remuneration of non-executive Directors (including independent non-executive Directors) is determined by the Board after considering recommendations from the Remuneration Committee. None of the Directors waived or agreed to waive any remuneration during the year ended 31 December 2024 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.

The Company has adopted share option schemes, share award schemes and a restricted share scheme, as incentives for the Directors and eligible employees. Details of the schemes are set out in note 34 to the consolidated financial statements.

The remunerations paid to the senior management of the Company, who are also executive Directors, during the year ended 31 December 2024 were within the following bands:

Bands	Number of senior management
RMB8,500,001 to RMB9,000,000	1
RMB10,500,001 to RMB11,000,000	1

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with the highest emoluments are set out in note 10 to the consolidated financial statements.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation to confirm their compliance with the independence requirement under Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent in accordance with the guidelines set out in the Listing Rules.

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

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) 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 (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in ordinary shares and underlying shares of the Company

Name of Directors/ chief executives	Nature of interest	Number of ordinary shares	Percentage of the Company's issued share capital
XIE Yuehui	Interest of controlled corporation and beneficial owner	718,394,928[1]	15.51%
LIU Jianxiong	Beneficial owner	60,940,000[2]	1.32%
RUAN Xingmei	Beneficial owner	4,600,000[3]	0.10%

1. These interests represented:
   (a) 694,194,928 shares held by Xianjian Advanced Technology Limited, which is wholly owned by Mr. XIE Yuehui, the Chairman, Chief Executive Officer and executive Director; and
   (b) 19,600,000 options granted to Mr. XIE Yuehui on 5 May 2015 and 4,600,000 options granted to Mr. XIE Yuehui on 24 January 2024 respectively, which were subject to certain vesting conditions pursuant to the Previous Scheme and Share Option Scheme of the Company, details of which are set out in the section headed "Share Option Scheme" in this annual report.
2. These interests represented:
   (a) 8,140,000 shares held by Mr. LIU Jianxiong, the Executive Vice President, an executive Director, Chief Financial Officer and Company Secretary; and
   (b) 16,800,000 options granted to Mr. LIU Jianxiong on 5 May 2015, and 36,000,000 options granted to Mr. LIU Jianxiong on 24 January 2024 respectively, which were subject to certain vesting conditions pursuant to the Previous Scheme and Share Option Scheme of the Company, details of which are set out in the section headed "Share Option Scheme" in this annual report.
3. These interests represented:
   (a) 90,000 shares held by Ms. RUAN Xingmei, the Chief Compliance Officer and an executive Director, which were granted and vested pursuant to the 2022 Share Award Scheme;
   (b) 1,000,000 options granted to Ms. RUAN Xingmei on 31 March 2021, 1,500,000 options granted to Ms. RUAN Xingmei on 12 November 2021, and 1,500,000 options granted to Ms. RUAN Xingmei on 24 January 2024 respectively, which were subject to certain vesting conditions pursuant to the Previous Scheme and Share Option Scheme of the Company, details of which are set out in the section headed "Share Option Scheme" in this annual report; and
   (c) 510,000 2022 Scheme Award Shares granted to Ms. RUAN Xingmei on 21 October 2022, which were subject to certain vesting conditions pursuant to the 2022 Share Award Scheme of the Company, details of which are set out in the section headed "Share Award Scheme" in this annual report.

Save as disclosed above, as at 31 December 2024, so far as is known to any Directors or chief executives of the Company, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2024, other than the interests of a Director or chief executive of the Company as disclosed under the heading "Directors' and chief executive's interests and short position in the shares, underlying shares and debentures of the Company and its associated corporations" above, the interests and short positions of persons in the shares and underlying shares of the Company which would fall to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company, were as follows:

Long positions in shares of the Company

Name of shareholder	Number of shares	Capacity	Percentage of the Company's issued share capital
Xianjian Advanced Technology Limited (Note 1)	694,194,928	Beneficial owner	14.99%
Futu Trustee Limited (Note 2)	292,126,000	Trustee	6.31%
	2,058,000	Custodian (other than an exempt custodian interest)	0.04%

Note 1: The entire issued share capital of Xianjian Advanced Technology Limited is wholly owned by Mr. XIE Yuehui, the Chairman, Chief Executive Officer and an executive Director of the Company.

Note 2: Futu Trustee Limited holds 2,058,000 shares as the custodian of the vested shares of one director and the employees of the 2022 Share Award Scheme trust.

Save as disclosed above, as at 31 December 2024, the Directors have not been notified by any other person (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Apart from the details as disclosed under the heading "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The previous share option scheme (the "Previous Scheme") adopted by the Company on 22 October 2011 which was amended by a unanimous written resolution of the Board on 5 May 2015 was terminated pursuant to an ordinary resolution passed by the shareholders at the EGM on 17 September 2021. A new share option scheme (the "Share Option Scheme") in place of the Previous Scheme was adopted by the Company with effect from 17 September 2021 which has a term of 10 years.

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options to the Share Option Scheme Eligible Participants (as defined below) as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Share Option Scheme Eligible Participants.

2. Participants of the Share Option Scheme and the basis of determining the eligibility of the participants

The Board may at its discretion grant options to any full-time or part-time employees, Directors (including executive, non-executive or independent non-executive), any consultants or advisers (whether professional or otherwise), supplier, service provider, customer, business partner, shareholder, any person or entity that provides design, R&D or other technological support and any other group or classes of participants who have contributed or may contribute to the development and growth of the Company and/or any entity in which the Company holds an equity interest (collectively the "Share Option Scheme Eligible Participants").

3. Maximum number of shares

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group is 462,929,240, being not more than 10% of the issued share capital of the Company as at 17 September 2021, adoption date of the Share Option Scheme. Any options lapsed in accordance with the terms of the Share Option Scheme or any other share option scheme of the Group shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The number of further share options that may be granted under the Share Option Scheme was 326,129,240 as at 1 January 2024 and 151,379,240 as at 31 December 2024. As at the date of this report, the number of further share options that may be granted under the Share Option Scheme was 151,379,240, representing approximately 3.27% of the number of total issued shares of the Company. No further share options may be granted under the Previous Scheme. There is no service provider sublimit under the Share Option Scheme.

4. Maximum entitlement of each participant

Unless approved by the shareholders in the manner set out in the Share Option Scheme, the total number of shares issued and to be issued upon exercise of the options granted to each Share Option Scheme Eligible Participant (including both exercised and outstanding options under the Share Option Scheme) in any 12-month period must not exceed 1% of the issued share capital of the Company.

5. Offer period and amount payable for options

An offer of grant of an option shall remain open for acceptance by the Share Option Scheme Eligible Participant concerned for such period as determined by the Board, which period shall not be more than fourteen (14) days from the date of the offer, provided that no such offer shall be open for acceptance after the tenth anniversary of 17 September 2021 or after the Share Option Scheme has been terminated in accordance with the provisions thereof. Upon acceptance of the offer, the grantee shall pay HKD1.00 to the Company by way of consideration for the grant and the date on which the option is offered shall be deemed to be the date of grant of the relevant option, except in determining the date of grant for the purpose of calculating the subscription price.

6. Minimum period for which an option must be held before it can be exercised

There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme. However, the Board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance targets to be achieved before such options can be exercised as the Board may determine in its absolute discretion.

7. Basis of determining the subscription price

The subscription price for shares in respect of any particular options granted under the Share Option Scheme shall be such price as the Board shall determine, provided that such price shall be at least the highest of:

(i) the closing price per share as stated in the Stock Exchange's daily quotation sheet on the date of offer of the option;

(ii) the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five (5) business days immediately preceding the date of offer of the option; and

(iii) the nominal value of a share.

8. Remaining life of the Share Option Scheme

Subject to the fulfilment of the conditions of the Share Option Scheme and the earlier termination by shareholders' resolution in general meeting or the Board, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from 17 September 2021, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme. The remaining life of the Share Option Scheme is approximately six years and nine months as at 31 December 2024.

The table below sets out details of the outstanding options granted to the Directors and other grantees under the Previous Scheme and movements during the period from 1 January 2024 to 31 December 2024:

					Number of shares					
Name	Date of grant	Vesting schedule	Option period	Exercise price	Granted on the date of grant	Outstanding as at 1 January 2024	Exercised during the year ended 31 December 2024	Closing price (weighted average) of the shares of the Company immediately before the dates on which the options were exercised	Lapsed/ cancelled during the year ended 31 December 2024	Outstanding as at 31 December 2024
Directors/Chief Executives										
Mr. XIE Yuehui	5 May 2015	20% of options on 5 May 2016, 2017, 2018, 2019 and 2020, respectively	10 years from the date of grant	HKD1.464	19,600,000	19,600,000	–	–	–	19,600,000
Sub-total					19,600,000	19,600,000	–	–	–	19,600,000
Mr. LIU Jianxiong	5 May 2015	20% of options on 5 May 2016, 2017, 2018, 2019 and 2020, respectively	10 years from the date of grant	HKD1.464	16,800,000	16,800,000	–	–	–	16,800,000
Sub-total					16,800,000	16,800,000	–	–	–	16,800,000
Ms. RUAN Xingmei	31 March 2021	30%, 30% and 40% of options on 31 March 2022, 2023 and 2024, respectively	10 years from the date of grant	HKD3.570	1,000,000	1,000,000	–	–	–	1,000,000
Sub-total					1,000,000	1,000,000	–	–	–	1,000,000

					Number of shares					
Name	Date of grant	Vesting schedule	Option period	Exercise price	Granted on the date of grant	Outstanding as at 1 January 2024	Exercised during the year ended 31 December 2024	Closing price (weighted average) of the shares of the Company immediately before the dates on which the options were exercised	Lapsed/ cancelled during the year ended 31 December 2024	Outstanding as at 31 December 2024
Other Grantees										
Employees	5 May 2015	20% of options on 5 May 2016, 2017, 2018, 2019 and 2020, respectively	10 years from the date of grant	HKD1.464	123,600,000	33,587,600 (Note 1)	(380,000)	HKD1.820	(548,000)	32,659,600 (Note 2)
Employees	31 March 2021	30%, 30% and 40% of options on 31 March 2022, 2023 and 2024, respectively	10 years from the date of grant	HKD3.570	32,320,000	27,260,000 (Note 3)	–	–	(2,010,000)	25,250,000 (Note 4)
Sub-total					155,920,000	60,847,600	(380,000)	HKD1.820	(2,558,000)	57,909,600
Total					193,320,000	98,247,600	(380,000)	HKD1.820	(2,558,000)	95,309,600

Note 1: The 33,587,600 outstanding share options as at 1 January 2024 were held by 20 grantees who were employees of the Group.

Note 2: The 32,659,600 outstanding share options as at 31 December 2024 were held by 18 grantees who were employees of the Group.

Note 3: The 27,260,000 outstanding share options as at 1 January 2024 were held by 102 grantees who were employees of the Group.

Note 4: The 25,250,000 outstanding share options as at 31 December 2024 were held by 96 grantees who were employees of the Group.

No share options were granted under the Previous Scheme during the year ended 31 December 2024 and 95,309,600 share options remained outstanding under the Previous Scheme which represents approximately 2.06% of the total number of issued shares of the Company as at 31 December 2024.

The table below sets out details of the outstanding options granted to the Directors and other grantees under the Share Option Scheme and movements during the period of 1 January 2024 to 31 December 2024:

					Number of shares					
Name	Date of grant	Vesting schedule	Option period	Exercise price	Granted on the date of grant	Outstanding as at 1 January 2024	Exercised during the year ended 31 December 2024	Closing price (weighted average) of the shares of the Company immediately before the dates on which the options were exercised	Lapsed/ cancelled during the year ended 31 December 2024	Outstanding as at 31 December 2024
Directors/Chief Executives										
Mr. XIE Yuehui	24 January 2024	15%, 15%, 20%, 25% and 25% upon completion of the Group's annual performance assessment of 2024, 2025, 2026, 2027 and 2028, respectively	10 years from the date of grant	HKD1.950	4,600,000	–	–	–	–	4,600,000
Sub-total					4,600,000	–	–	–	–	4,600,000
Mr. LIU Jianxiong	24 January 2024	15%, 15%, 20%, 25% and 25% upon completion of the Group's annual performance assessment of 2024, 2025, 2026, 2027 and 2028, respectively	10 years from the date of grant	HKD1.950	36,000,000	–	–	–	–	36,000,000
Sub-total					36,000,000	–	–	–	–	36,000,000
Ms. RUAN Xingmei	12 November 2021	10%, 15%, 20%, 25% and 30% upon completion of the Group's annual performance assessment of 2022, 2023, 2024, 2025 and 2026, respectively	10 years from the date of grant	HKD3.590	1,500,000	1,500,000	–	–	–	1,500,000
Ms. RUAN Xingmei	24 January 2024	15%, 15%, 20%, 25% and 25% upon completion of the Group's annual performance assessment of 2024, 2025, 2026, 2027 and 2028, respectively	10 years from the date of grant	HKD1.950	1,500,000	–	–	–	–	1,500,000
Sub-total					3,000,000	1,500,000	–	–	–	3,000,000

					Number of shares					
Name	Date of grant	Vesting schedule	Option period	Exercise price	Granted on the date of grant	Outstanding as at 1 January 2024	Exercised during the year ended 31 December 2024	Closing price (weighted average) of the shares of the Company immediately before the dates on which the options were exercised	Lapsed/ cancelled during the year ended 31 December 2024	Outstanding as at 31 December 2024
Employees	12 November 2021	10%, 15%, 20%, 25% and 30% upon completion of the Group's annual performance assessment of 2022, 2023, 2024, 2025 and 2026, respectively	10 years from the date of grant	HKD3.590	100,300,000	91,210,000	–	–	(5,275,000)	85,935,000 (Note 1)
Employees	10 December 2021	10%, 15%, 20%, 25% and 30% upon completion of the Group's annual performance assessment of 2022, 2023, 2024, 2025 and 2026, respectively	10 years from the date of grant	HKD3.836	11,000,000	10,450,000	–	–	(40,000)	10,410,000 (Note 2)
Consultants	10 December 2021	10%, 15%, 20%, 25% and 30% upon completion of the Group's annual performance assessment of 2022, 2023, 2024, 2025 and 2026, respectively	10 years from the date of grant	HKD3.836	24,000,000	24,000,000	–	–	–	24,000,000 (Note 3)
Employees	24 January 2024	15%, 15%, 20%, 25% and 25% upon completion of the Group's annual performance assessment of 2024, 2025, 2026, 2027 and 2028, respectively	10 years from the date of grant	HKD1.950	132,650,000	–	–	–	(2,700,000)	129,950,000 (Note 4)
Sub-total					267,950,000	125,660,000	–	–	(8,015,000)	250,295,000
Total					311,550,000	127,160,000	–	–	(8,015,000)	293,895,000

Note 1: The 85,935,000 outstanding share options as at 31 December 2024 were held by 139 grantees who are employees of the Group (who are neither a director, chief executive or substantial shareholder of the Company nor their respective associates).

Note 2: The 10,410,000 outstanding share options as at 31 December 2024 were held by 21 grantees who are employees of the Group (who are neither a director, chief executive or substantial shareholder of the Company nor their respective associates).

Note 3: The 24,000,000 outstanding share options as at 31 December 2024 were held by 5 grantees who are consultants of the Group (who are neither a director, chief executive or substantial shareholder of the Company nor their respective associates). Among these grantees, there were two legal advisors, a medical advisor and an investment advisor who had options granted during the 12-month period exceeding 0.1% of the total number of issued shares as at the date of grant. Each of the above mentioned 4 advisors were granted 5,000,000 share options each on 10 December 2021, representing 0.11% (i.e. more than 0.1%) of the total number of issued shares as at the date of grant.

Note 4: The 129,950,000 outstanding share options as at 31 December 2024 were held by 216 grantees who are employees of the Group (who are neither a director, chief executive or substantial shareholder of the Company nor their respective associates).

174,750,000 share options were granted under the Share Option Scheme during the year ended 31 December 2024 and 293,895,000 share options remained outstanding under the Share Option Scheme which represents approximately 6.35% of the total number of issued shares of the Company as at 31 December 2024.

Value of share options

The Binomial Model had been used to estimate the fair value of the share options. The model involves the construction of a binomial lattice which represents different possible paths that might be followed by the stock price over the life of the options. In developing the binomial lattice, the life of the options is divided into various time steps. In each time step there is a binomial stock price movement. The main inputs to the model include the share price of the Company, exercise price, exercise multiple, risk-free rate, expected volatility, dividend yield and expected life of the options.

Value of share options granted on 31 March 2021

The fair value of the share options granted on 31 March 2021 was HKD53.0 million, and the specific parameters were selected by an independent qualified professional valuer as follows:

a. Stock price: HKD3.570 per share (being the closing price of HKD3.570 per share as at the grant date)

b. Exercise price: HKD3.570 per share (being the highest price of (i) the closing price of HKD3.570 per share as stated in the daily quotation sheets issued by the Stock Exchange on the grant date; (ii) the average closing price of HKD3.404 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) business days immediately preceding the grant date; and (iii) the nominal value of a share.)

c. Expected volatility: 51.35% (based on the historical share price volatility of comparable companies in the relevant period)

d. Risk-free interest rate: 1.33% (based on the yields of HKD Hong Kong Sovereign Curve with respective tenors as at the grant date)

Value of share options granted on 12 November 2021

The fair value of the share options granted on 12 November 2021 was HKD188.4 million, and the specific parameters were selected by an independent qualified professional valuer as follows:

a. Stock price: HKD3.590 per share (being the closing price of HKD3.590 per share as at the grant date)

b. Exercise price: HKD3.590 per share (being the highest price of (i) the closing price of HKD3.590 per share as stated in the daily quotation sheets issued by the Stock Exchange on the grant date; (ii) the average closing price of HKD3.546 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) business days immediately preceding the grant date; and (iii) the nominal value of a share.)

c. Expected volatility: 51.53% (based on the historical share price volatility of comparable companies in the relevant period)

d. Risk-free interest rate: 1.39% (based on the yields of HKD Hong Kong Sovereign Curve with relevant tenors as at the grant date)

Value of share options granted on 10 December 2021

The fair value of the share options granted on 10 December 2021 was HKD67.9 million, and the specific parameters were selected by an independent qualified professional valuer as follows:

a. Stock price: HKD3.800 per share (being the closing price of HKD3.800 per share as at the grant date)

b. Exercise price: HKD3.836 per share (being the highest price of (i) the closing price of HKD3.800 per share as stated in the daily quotation sheets issued by the Stock Exchange on the grant date; (ii) the average closing price of HKD3.836 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) business days immediately preceding the grant date; and (iii) the nominal value of a share.)

c. Expected volatility: 51.54% (based on the historical share price volatility of comparable companies in the relevant period)

d. Risk-free interest rate: 1.37% (based on the yields of HKD Hong Kong Sovereign Curve with relevant tenors as at the grant date)

Value of share options granted on 24 January 2024

The fair value of the share options granted on 24 January 2024 was HKD172.9 million, and the specific parameters were selected by an independent qualified professional valuer as follows:

a. Stock price: HKD1.900 per share (being the closing price of HKD1.900 per share as at the grant date)

b. Exercise price: HKD1.950 per share (being the highest price of (i) the closing price of HKD1.900 per share as stated in the daily quotation sheets issued by the Stock Exchange on the grant date; (ii) the average closing price of HKD1.950 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) business days immediately preceding the grant date; and (iii) the nominal value of a share.)

c. Expected volatility: 51.10% (based on the historical share price volatility of comparable companies in the relevant period)

d. Risk-free interest rate: 3.57% (based on the yields of HKD Hong Kong Sovereign Curve with relevant tenors as at the grant date)

SHARE AWARD SCHEME

2019 Share Award Scheme

The Company adopted a share award scheme on 28 December 2018 which was subsequently amended by a unanimous written resolution of the Board on 29 April 2019 (the "2019 Share Award Scheme").

On 29 September 2020, a total of 312,620,000 shares (the "2019 Granted Shares") have been vested to certain employees of the Group, among which 81,675,000 shares have been taken up by such employees. As at 31 December 2024, there was a total of 230,945,000 outstanding shares.

The deferred payment is from employees of the Group who acquired 230,945,000 shares under the 2019 Share Award Scheme for a purchase price of HKD1.35 per share. None of these employees is a connected person of the Company as defined under the Listing Rules.

As at the date of this report, the trustee under the 2019 Share Award Scheme, namely Bank of Communications Trust Limited (the "2019 Scheme Trustee") held 230,945,000 shares of the Company that have been granted to certain eligible participants thereunder, pending the taking up of such shares by such grantees.

Under the 2019 Share Award Scheme, the Board shall not make any further grant of award such that the total number of shares granted under such scheme will exceed 10% of the total number of issued shares as of the date of adoption of such scheme (namely 28 December 2018). Since the adoption of the 2019 Share Award Scheme up to the date of this report, a total of 312,620,000 shares have been granted and vested under the 2019 Share Award Scheme, representing approximately 7.2% of the total number of issued shares of the Company as of the date of adoption of such scheme. The Company adopted another share award scheme on 3 March 2022 (the "2022 Share Award Scheme"). Upon adoption of the 2022 Share Award Scheme, the Board expects that no new award will be granted under the 2019 Share Award Scheme, and there were 66,224,000 shares of the Company held by the 2019 Scheme Trustee which were not granted to any eligible participants thereunder. As at the date of this report, these shares have been transferred to the trustee under the 2022 Share Award Scheme (namely, Futu Trustee Limited) which holds such shares as part of the trust fund thereunder. The 2019 Share Award Scheme is retained for the purpose of continuing holding the 2019 Granted Shares on the relevant grantees' behalf.

1. Objective of the 2019 Share Award Scheme

The objectives of the 2019 Share Award Scheme are (i) to recognise and motivate the contributions by certain eligible participants and to incentivise them and retain them for the continual operation and development of the Group; (ii) to attract suitable personnel for further development of the Group; and (iii) to provide certain eligible participants with a direct economic interest in attaining a long-term relationship between the Group and certain eligible participants.

2. Participants of the 2019 Share Award Scheme and the basis of determining the eligibility of the participants

The Board may at its discretion grant shares of the Company pursuant to the 2019 Share Award Scheme ("2019 Scheme Award Shares") to any employee and non-executive director of the Company or any member of the Group who in the sole opinion of the Board will contribute or have contributed to any member of the Group (collectively the "2019 Scheme Selected Participants").

3. Maximum number of 2019 Scheme Award Shares

Pursuant to the rules of the 2019 Share Award Scheme, the Board shall not make any further grant of 2019 Scheme Award Shares such that the total number of shares granted under the 2019 Share Award Scheme will exceed 10% of the total number of issued shares as at 28 December 2018 (the "2019 SAS Adoption Date"). The maximum number of 2019 Scheme Award Shares that may be granted under the 2019 Share Award Scheme is 433,629,120 shares. The number of 2019 Scheme Award Shares that may be granted under the scheme was 121,009,120 as at 1 January 2024 and 31 December 2024. As at the date of this report, the number of 2019 Scheme Award Shares that may be granted under the scheme was 121,009,120, representing approximately 2.61% of the total number of issued shares of the Company. Notwithstanding the above, the Board expects that no new award will be granted under the 2019 Share Award Scheme in light of the adoption of the 2022 Share Award Scheme.

There is no maximum entitlement to 2019 Scheme Award Shares stipulated for a 2019 Scheme Selected Participant under the 2019 Share Award Scheme.

4. Amount payable for the 2019 Scheme Award Shares

An offer of grant of 2019 Scheme Award Shares shall remain open for acceptance by the 2019 Scheme Selected Participants concerned for ten (10) business days from the date of the offer. In order to receive the 2019 Scheme Award Shares, the grantee shall submit to the Company the documents stipulated under the scheme and pay to the Company the amount specified in the award notice, thereafter the Company will instruct the trustee under the scheme in writing to transfer the corresponding 2019 Scheme Award Shares to the relevant grantee. The purchase price of the 2019 Scheme Award Shares would be the average price paid by the trustee under the 2019 Share Award Scheme for such purchase or subscription of such shares.

5. Vesting period and conditions

All 2019 Scheme Award Shares granted have been vested and the Board does not intend to grant any further 2019 Scheme Award Shares in light of the adoption of the 2022 Share Award Scheme.

6. Remaining life of the 2019 Share Award Scheme

The 2019 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the 2019 SAS Adoption Date (being 18 December 2018) after which no further 2019 Scheme Award Shares may be offered. As at 31 December 2024, the remaining life of the 2019 Share Award Scheme is approximately 4 years.

On 29 September 2020, a total of 312,620,000 2019 Scheme Award Shares were vested to certain employees of the Group, among which 81,675,000 shares have been taken up by such employees. As at 31 December 2024, all the 230,945,000 outstanding 2019 Scheme Award Shares have been acquired by such employees, pending the payment of the purchase price of HKD1.35 per share, and such shares were held by the 2019 Scheme Trustee on behalf of the relevant employees. During the year ended 31 December 2024, no 2019 Scheme Award Shares were granted, cancelled, lapsed or vested. Pursuant to the conditions accepted by these employees and with the consent of the Company, the ownership of such shares has been transferred to these employees and they are obliged to pay for such shares and complete the taking up of such shares within the remaining life of the 2019 Scheme Award Scheme.

2022 Share Award Scheme

On 3 March 2022, the Company adopted another share award scheme ("2022 Share Award Scheme").

1. Objective of the 2022 Share Award Scheme

The objectives of the 2022 Share Award Scheme are (i) to recognise and motivate the contributions by certain eligible participants and to incentivise them and retain them for the continual operation and development of the Group; (ii) to attract suitable personnel for further development of the Group; and (iii) to provide certain eligible participants with a direct economic interest in attaining a long-term relationship between the Group and certain eligible participants.

2. Participants of the 2022 Share Award Scheme and the basis of determining the eligibility of the participants

The Board may at its discretion grant shares of the Company pursuant to the 2022 Share Award Scheme ("2022 Scheme Award Shares") to (i) any employee and non-executive Director of the Company and/or any member of the Group and any related entity who, in the sole opinion of the Board, will contribute or have contributed to any member of the Group; and (ii) agents, consultants, suppliers or any other persons who provide services to any member of the Group and, in the sole opinion of the Board, will contribute or have contributed to any member of the Group (collectively the "2022 Scheme Selected Participants").

There is no service provider sublimit under the 2022 Share Award Scheme.

3. Maximum number of 2022 Scheme Award Shares

Pursuant to the rules of the 2022 Share Award Scheme, the Board shall not make any further grant of 2022 Scheme Award Shares such that the total number of shares granted under the 2022 Share Award Scheme will exceed 10% of the total number of issued shares as at 3 March 2022 (the "2022 SAS Adoption Date"). The number of 2022 Scheme Award Shares that may be granted under the scheme was 442,253,040 as at 1 January 2024 and 442,253,040 as at 31 December 2024. As at the date of this report, the number of 2022 Scheme Award Shares that may be granted under the scheme was 442,253,040, representing approximately 9.55% of the total number of issued shares of the Company.

There is no maximum entitlement to 2022 Scheme Award Shares stipulated for a 2022 Scheme Selected Participant under the 2022 Share Award Scheme.

4. Amount payable for the 2022 Scheme Award Shares

An offer of grant of 2022 Scheme Award Shares shall remain open for acceptance by the 2022 Scheme Selected Participants concerned for ten (10) business days from the date of the offer. In order to receive the 2022 Scheme Award Shares, the grantee shall submit to the Company the documents stipulated under the scheme and pay to the Company the amount specified in the award notice, thereafter the Company will instruct the trustee under the scheme in writing to transfer the corresponding 2022 Scheme Award Shares to the relevant grantee at nil consideration.

The purchase price of each 2022 Scheme Award Share (if any) shall be determined by the Board at the time of grant of the 2022 Scheme Award Shares under the 2022 Share Award Scheme.

Subject to the terms of the 2022 Share Award Scheme and subject to compliance with the Listing Rules, the Board may from time to time instruct the trustee of the 2022 Share Award Scheme in writing to directly or indirectly purchase shares of the Company in the market (on the exchange or off the exchange) or otherwise receive any shares of the Company of transfer from another trust under any other employee share award scheme of the Company to the trustee. Once purchased or received, the shares are to be held directly or indirectly by the trust for the benefit of the 2022 Scheme Selected Participant under the trust on and subject to the terms and conditions of the 2022 Share Award Scheme rules and trust deed.

5. Vesting period and conditions

The Board may specify any vesting period of the 2022 Scheme Award Shares, or any conditions or performance targets that must be attained by the relevant 2022 Scheme Selected Participant before any 2022 Scheme Award Shares may be transferred to and vested in the 2022 Scheme Selected Participant.

6. Remaining Life of the 2022 Share Award Scheme

The 2022 Share Award Scheme shall be valid and effective for a term of 10 years commencing on 3 March 2022 after which no further 2022 Scheme Award Share may be offered. As at 31 December 2024, the remaining life of the 2022 Share Award Scheme is approximately 7 years and 2 months.

The table below sets out the movements of 2022 Scheme Award Shares during the period from 1 January 2024 to 31 December 2024:

Grantees	Unvested 2022 Scheme Award Shares as at 1 January 2024	Granted during the year ended 31 December 2024	Vested during the year ended 31 December 2024	Lapsed/ cancelled during the year ended 31 December 2024	Unvested 2022 Scheme Award Shares as at 31 December 2024
Director	570,000	—	(60,000)	—	510,000
Employees of the Group (Note 1)	18,080,000	—	(1,630,000) (Note 2)	(1,345,000)	15,105,000
Total	18,650,000	—	(1,690,000)	(1,345,000)	15,615,000

Note 1: An aggregate of 20,150,000 2022 Scheme Award Shares were granted to 51 employees of the Group (who are neither a director, chief executive or substantial shareholder of the Company nor their respective associates, nor are they the five highest paid individuals of the Company) and 600,000 2022 Scheme Award Shares were granted to one director of the Group on 21 October 2022. Such 2022 Scheme Award Shares shall be vested in the relevant participant in the following manner:

(a) 5% of the 2022 Scheme Award Shares shall be vested in the participant upon completion of the Group's annual performance assessment for the calendar year ending 31 December 2022;

(b) 10% of the 2022 Scheme Award Shares shall be vested in the participant upon completion of the Group's annual performance assessment for the calendar year ending 31 December 2023;

(c) 15% of the 2022 Scheme Award Shares shall be vested in the participant upon completion of the Group's annual performance assessment for the calendar year ending 31 December 2024;

(d) 20% of the 2022 Scheme Award Shares shall be vested in the participant upon completion of the Group's annual performance assessment for the calendar year ending 31 December 2025;

(e) 25% of the 2022 Scheme Award Shares shall be vested in the participant upon completion of the Group's annual performance assessment for the calendar year ending 31 December 2026; and

(f) the remaining 25% of the 2022 Scheme Award Shares shall be vested in the participant upon completion of the Group's annual performance assessment for the calendar year ending 31 December 2027.

The vesting of such shares is subject to the fulfilment of the conditions set out in the grant letter (including performance targets stipulated thereunder). The grantees are not required to pay any purchase price upon vesting of the 2022 Scheme Award Shares. The closing price of the shares on the Stock Exchange immediately before the grant was HKD2.75 per share. For the fair value of these 2022 Scheme Award Shares granted and the relevant accounting standard and policy adopted, please refer to notes 3 and 34 to the Consolidated Financial Statements.

Note 2: The grantees are not required to pay any purchase price upon vesting of the 2022 Scheme Award Shares. The weighted average closing price of the shares immediately before the dates on which the awards were vested was HKD1.44 per share.

No 2022 Scheme Award Shares were granted during the year ended 31 December 2024 and 15,615,000 2022 Scheme Award Shares remained unvested, which represents approximately 0.34% of the total number of issued shares of the Company as at the date of this annual report.

During the year ended 31 December 2024, the ratio of the number of shares that may be issued in respect of options and awards granted under all share schemes adopted by the Company (i.e. 120,604,600) to the weighted average number of issued shares for the year (i.e. 4,630,516,400) was approximately 2.60%.

During the year ended 31 December 2024, save as disclosed above (i) there was no participant with share options or awards granted or to be granted by the Company in excess of the 1% individual limit (as defined under Chapter 17 of the Listing Rules); (ii) there was no service provider with share options or awards granted or to be granted by the Company exceeding 0.1% of the total issued shares of the Company in any 12-month period; and (iii) the Company have not granted any share options or awards to any related entity participants or service providers.

TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 41 (Related Party Transaction) to the consolidated financial statements, (a) there is no transaction, arrangement or contract of significance subsisting during or at the end of the financial year ended 31 December 2024 in which a Director or an entity connected with a Director is or was materially interested, either directly or indirectly; (b) there is no contract of significance between the Company or any of its subsidiaries, or a controlling shareholder of the Company or any of its subsidiaries; and (c) there is no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries.

DEBENTURES

Save as disclosed in this annual report, the Company did not have any debentures in issue during the year ended 31 December 2024.

EQUITY-LINKED AGREEMENT

Save for the Share Option Scheme, the Company did not enter into any equity-linked agreements during the year ended 31 December 2024.

DONATIONS

The Company has not made any donations during the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

During the year ended 31 December 2024, permitted indemnity provision as defined in the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong) was in force for indemnity against liability incurred by Directors to a third party.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Share purchase pursuant to the 2022 Share Award Scheme in April 2024

On 10 April 2024, Futu Trustee Limited (the "Trustee"), Xianjian Advanced Technology Limited (the "Seller") and the Company entered into a sale and purchase agreement (the "April Agreement"), pursuant to which the Trustee, as instructed by the Company, conditionally agreed to purchase, with funding to be provided by the Company, and the Seller conditionally agreed to sell, 21,720,000 shares of the Company at a total consideration of HKD38,010,000, for the purpose of the 2022 Share Award Scheme. The Seller is a connected person of the Company by virtue of it being a substantial shareholder (as defined under the Listing Rules), therefore the transactions under the April Agreement constitute a connected transaction of the Company as the Company was funding the Trustee's acquisition of 21,720,000 shares of the Company. For more details, please refer to the announcement of the Company dated 10 April 2024.

Share purchase pursuant to the 2022 Share Award Scheme in June 2024

On 27 June 2024, the Trustee, the Seller and the Company entered into a sale and purchase agreement (the "June Agreement"), pursuant to which the Trustee, as instructed by the Company, conditionally agreed to purchase, with funding to be provided by the Company, and the Seller conditionally agreed to sell, 66,000,000 shares of the Company at a total consideration of HKD99,000,000, for the purpose of the 2022 Share Award Scheme. The Seller is a connected person of the Company by virtue of it being a substantial shareholder (as defined under the Listing Rules), therefore the transactions under the June Agreement constitute a connected transaction of the Company as the Company was funding the Trustee's acquisition of 66,000,000 shares of the Company. For more details, please refer to the announcement of the Company dated 27 June 2024.

Save as disclosed above, during the year ended 31 December 2024, the Company has not entered into any non-exempt connected transaction or continuing connected transaction which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules.

Related party transactions

During the year ended 31 December 2024, none of the related parties transactions as disclosed in note 41 to the consolidated financial statements in this annual report constituted any non-exempt connected transaction or continuing connected transaction which are required to be disclosed pursuant to the Listing Rules.

In 2024, the related party transactions as set out in the note 41 to the consolidated financial statements in this annual report (other than the above-mentioned) are not "connected transactions" or "continuing connected transactions" of the Company as defined under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in Chapter 14A of the Listing Rules, where applicable.

TAX RELIEF

The Company is not aware of any relief from taxation available to its shareholders by reason of their holding of Company's shares.

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

During the year ended 31 December 2024, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2024, none of the Directors or any substantial shareholder (as defined under the Listing Rules) of the Company and their respective close associates had any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the business of the Group which would require disclosure under Rule 8.10 of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

During the period from 28 June 2024 to 27 February 2025, Lifetech Shenzhen entered into certain structured deposit agreements (collectively, the "Structured Deposit Agreements") with China Merchants Bank Co., Ltd. ("China Merchants Bank"), pursuant to which Lifetech Shenzhen subscribed for principal-protected and floating income deposits issued by China Merchants Bank in an aggregate principal amount of RMB273,000,000. The relevant subscription amounts under the Structured Deposit Agreements on an aggregate basis constitute a discloseable transaction for the Company. Details of the Structured Deposit Agreements are set out in the Company's announcement dated 27 February 2025.

Save for the aforementioned, there have not been any significant events affecting the Group after 31 December 2024.

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Company strives to maintain a good relationship with its employees, customers and suppliers in order to operate a sustainable business and to meet its short-term and long-term objectives.

The Company believes that its employees are its most important and valuable assets. As discussed in the section headed "Employees and Remuneration Policy" under "Management Discussion and Analysis", the Group provides its employees with remuneration packages that take into account their performance, qualifications and working experience, results of the Group and market conditions with additional benefits including bonuses, various kinds of subsidies and insurance coverage.

The Company strives to maintain and reinforce sound relationships with its customers and suppliers. The Directors and senior management of the Company endeavour to communicate with its customers and suppliers from time to time. The Company invests in R&D and places emphasis on customers' feedback in order to deliver quality products to its customers and stay competitive in the market.

During the year ended 31 December 2024, there was no material and significant dispute between the Group and its employees, customers or suppliers.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conducts for dealings by Directors in the listed securities of the Company. Having made specific enquiry with all Directors, each of the Directors has confirmed that he/she has complied with the required standard as set out in the Model Code during the year ended 31 December 2024.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the year ended 31 December 2024.

AUDITORS

The consolidated financial statements in this annual report have been audited by Deloitte Touche Tohmatsu. There has been no change in the auditors of the Company during the past three years. A resolution will be proposed at the forthcoming AGM to re-appoint Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

XIE Yuehui

Chairman, Executive Director and Chief Executive Officer

28 March 2025

Deloitte. 德勤

TO THE SHAREHOLDERS OF LIFETECH SCIENTIFIC CORPORATION
(incorporated in Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of LifeTech Scientific Corporation (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 72 to 165, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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 reporting 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.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of development costs	
We identified the capitalisation of development costs as a key audit matter due to its significance to the consolidated financial statements and the significant degree of management judgement involved to determine the expenditure to be capitalised. As disclosed in note 18 to the consolidated financial statements, the carrying amount of the Group's development costs included in the intangible assets is RMB660,407,000 as at 31 December 2024. The Group capitalises significant costs incurred for the development of certain products related to structural heart diseases and peripheral vascular diseases as development costs. Details of the criteria for the expenditure to be capitalised are disclosed in notes 3 and 4 to the consolidated financial statements respectively. The capitalisation involves management's judgement in assessing whether technical and commercial feasibility have been achieved for each of the projects. The assessment of technical feasibility is based on the management assessment of testing results of those products. The assessment of commercial feasibility is evaluated based on the profit forecast of each development project prepared by the management based on certain key assumptions, including revenue to be generated, budget costs and relevant market analysis.	Our procedures in relation to the capitalisation of development costs included: • Understanding and testing the Group's key control in relation to capitalisation of development costs; • Obtaining the commercial and technical feasibility report provided by the management and assessing the reasonableness of the commercial and technical feasibility study by reference to the industry and market information; • Obtaining the product testing reports provided by the management and enquiring the management about the technical feasibility of each product; • Performing an analysis of expenditure incurred for each development project and enquired with the management regarding the progress of each project to determine if the criteria for capitalisation were met; • Testing, on a sample basis, the expenditure being capitalised to source documents; and • Obtaining the profit forecast prepared by the management for each development project and assessing the appropriateness of key assumptions, including revenue generated, budget costs to be incurred and relevant market analysis associated with the development project.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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 the independent auditor's report is Wong Kit Sum.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	5	**1,303,699**	1,267,175
Cost of sales		**(322,264)**	(271,538)
Gross profit		**981,435**	995,637
Other income, expenses, gains and losses	6	**15,055**	99,305
Impairment losses under expected credit loss model, net of reversal	7	**(3,037)**	847
Selling and distribution expenses		**(339,619)**	(265,339)
Administration expenses		**(164,583)**	(149,251)
Research and development expenses		**(302,915)**	(297,921)
Operating profit		**186,336**	383,278
Finance income, net	8	**13,321**	8,091
Share of results of associates		**(662)**	(1,962)
Changes in fair value of financial liabilities at fair value through profit or loss	30	**—**	(213,826)
Profit before tax	9	**198,995**	175,581
Income tax expense	11	**(30,504)**	(68,091)
Profit for the year		**168,491**	107,490
Other comprehensive expense:	12		
Items that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at FVTOCI, net of tax		**(96,500)**	(221,788)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(548)**	(1,407)
Other comprehensive expense		**(97,048)**	(223,195)
Total comprehensive income (expense) for the year		**71,443**	(115,705)
Profit (loss) for the year attributable to:			
Owners of the Company		**222,388**	263,242
Non-controlling interests		**(53,897)**	(155,752)
		168,491	107,490
Total comprehensive income (expense) attributable to:			
Owners of the Company		**125,340**	40,047
Non-controlling interests		**(53,897)**	(155,752)
		71,443	(115,705)
Earnings per share	14		
– Basic		**RMB5.1 cents**	RMB6.0 cents
– Diluted		**RMB5.1 cents**	RMB5.9 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	15	**931,036**	833,779
Right-of-use assets	16	**45,468**	51,078
Investment properties	17	**292,994**	272,346
Intangible assets	18	**730,661**	656,669
Interests in associates	19	**72,692**	46,738
Financial assets at FVTPL	20	**252,149**	211,376
Equity instruments at FVTOCI	21	**17,099**	113,599
Deposits for acquisition of property, plant and equipment/right-of-use assets		**26,964**	36,605
Deferred tax assets	22	**117,142**	83,031
Fixed bank deposits	26(a)	**80,000**	160,000
		2,566,205	2,465,221
Current assets			
Inventories	23	**532,398**	483,605
Trade receivables	24	**136,690**	105,185
Other receivables and prepayments	25	**478,222**	463,041
Financial assets at FVTPL	20	**311,000**	120,000
Fixed bank deposits	26(a)	**205,133**	80,000
Restricted bank deposits	26(b)	**4,975**	—
Cash and cash equivalents	26(c)	**665,755**	979,312
		2,334,173	2,231,143
Current liabilities			
Trade and other payables	27	**758,212**	710,154
Contract liabilities	28	**21,435**	7,754
Tax liabilities		**32,204**	45,935
Lease liabilities	31	**3,787**	6,293
		815,638	770,136
Net current assets		**1,518,535**	1,461,007
Total assets less current liabilities		**4,084,740**	3,926,228

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Government grants	29	49,793	40,929
Lease liabilities	31	1,192	3,003
Financial liabilities at FVTPL	30	558,326	558,326
		609,311	602,258
Net assets		3,475,429	3,323,970
Capital and reserves			
Share capital	32	37	37
Reserves		3,494,470	3,370,205
Equity attributable to owners of the Company		3,494,507	3,370,242
Non-controlling interests		(19,078)	(46,272)
Total equity		3,475,429	3,323,970

The consolidated financial statements on pages 72 to 165 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

Mr. XIE Yuehui
Executive Director and Chairman

Mr. LIU Jianxiong
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company													
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000 (Note i)	Investment valuation reserve RMB'000	Share option reserve RMB'000	Reserve for Share Award Scheme RMB'000	Capital reserve RMB'000	Contribution reserve RMB'000 (Note ii)	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	37	1,628,079	1,629	3,679	50,207	191,440	148,273	(544,428)	(3)	32,531	1,389,001	2,900,445	20,612	2,921,057
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	–	263,242	263,242	(155,752)	107,490
Other comprehensive expense for the year	–	–	–	(1,407)	–	(221,788)	–	–	–	–	–	(223,195)	–	(223,195)
Total comprehensive (expense) income for the year	–	–	–	(1,407)	–	(221,788)	–	–	–	–	263,242	40,047	(155,752)	(115,705)
Purchase of shares under Share Award Scheme (note 34)	–	–	–	–	–	–	–	(26,032)	–	–	–	(26,032)	–	(26,032)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	156,694	–	–	–	–	156,694	92,498	249,192
Exercise of award shares	–	(811)	–	–	–	–	–	283,348	–	–	–	282,537	–	282,537
Exercise of shares options	-*	420	–	–	–	–	(150)	–	–	–	–	270	–	270
Capital contributed by non-controlling interest of subsidiaries (note 42)	–	15,130	–	–	–	–	–	–	–	–	–	15,130	(3,630)	11,500
Share of reserve of an associate	–	–	1,151	–	–	–	–	–	–	–	–	1,151	–	1,151
	–	14,739	1,151	(1,407)	–	(221,788)	156,544	257,316	–	–	263,242	469,797	(66,884)	402,913
At 31 December 2023	37	1,642,818	2,780	2,272	50,207	(30,348)	304,817	(287,112)	(3)	32,531	1,652,243	3,370,242	(46,272)	3,323,970
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	–	222,388	222,388	(53,897)	168,491
Other comprehensive expense for the year	–	–	–	(548)	–	(96,500)	–	–	–	–	–	(97,048)	–	(97,048)
Total comprehensive (expense) income for the year	–	–	–	(548)	–	(96,500)	–	–	–	–	222,388	125,340	(53,897)	71,443
Purchase of shares under Share Award Scheme (note 34)	–	–	–	–	–	–	–	(146,637)	–	–	–	(146,637)	–	(146,637)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	153,714	–	–	–	–	153,714	40,213	193,927
Exercise of award shares	–	(1,631)	–	–	–	–	–	1,631	–	–	–	–	–	–
Exercise of shares options	–*	818	–	–	–	–	(312)	–	–	–	–	506	–	506
Capital contributed by non-controlling interest of subsidiaries (note 42)	–	(9,251)	–	–	–	–	–	–	–	–	–	(9,251)	47,378	38,127
Acquisition of non-wholly control subsidiaries	–	(273)	–	–	–	–	–	–	–	–	–	(273)	(6,500)	(6,773)
Share of reserve of an associate	–	–	866	–	–	–	–	–	–	–	–	866	–	866
	–	(10,337)	866	(548)	–	(96,500)	153,402	(145,006)	–	–	222,388	124,265	27,194	151,459
At 31 December 2024	37	1,632,481	3,646	1,724	50,207	(126,848)	458,219	(432,118)	(3)	32,531	1,874,631	3,494,507	(19,078)	3,475,429

* Less than RMB1,000

Notes:

(i) Statutory surplus reserve is non-distributable and the transfer to this reserve is determined according to the relevant laws in the PRC and by the board of directors of the PRC subsidiaries in accordance with the Article of Association of the subsidiaries. Statutory surplus reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company.

(ii) Contribution reserve represents the difference between the fair value of the consideration paid for the acquisition of Lifetech Shenzhen from shareholders and the carrying amount of the share of net assets acquired in August 2006 and it is regarded as a deemed contribution from shareholders under merger accounting.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Profit before tax	198,995	175,581
Adjustments for:		
Amortisation of intangible assets	13,443	13,950
Depreciation of investment properties	9,101	8,605
Depreciation of right-of-use assets	8,009	11,815
Depreciation of property, plant and equipment	57,443	42,789
Gain on fair value change of financial assets at FVTPL	(38,450)	(31,411)
Changes in fair value of financial liabilities at FVTPL	—	213,826
Finance income, net	(13,321)	(8,091)
Interest from short-term bank structured deposits	(3,358)	(3,970)
Government grants	(15,460)	(19,937)
Impairment losses under expected credit loss model, net of reversal	3,037	(847)
Loss on disposal of property, plant and equipment	529	58
Loss on disposal of intangible assets	5	—
Impairment losses on intangible assets	65,971	—
Gain on early termination of leases	—	(105)
Share-based payment expenses recognised in profit or loss	133,375	112,835
Share of results of associates	662	1,962
Unrealised foreign exchange gain in financial assets at FVTPL	(8,426)	(2,548)
Write-down on inventories	12,482	6,265
Gain on deemed partial disposal of an associate	—	(4,459)
Operating cash flows before movements in working capital	424,037	516,318
Increase in inventories	(61,275)	(248,464)
Decrease in trade receivables	31,855	98,971
(Increase) decrease in other receivables and prepayments	(10,397)	5,337
(Decrease) increase in trade and other payables	(2,167)	119,144
Increase (decrease) in contract liabilities	13,681	(2,274)
Government grants received for operating activities	9,043	9,430
Increase in restricted bank deposits	(4,971)	—
Cash generated from operations	399,806	498,462
Income taxes paid	(78,346)	(80,413)
NET CASH FROM OPERATING ACTIVITIES	321,460	418,049

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES		
Placements of fixed bank deposits	(285,133)	(20,000)
Purchase of property, plant and equipment	(196,635)	(200,831)
Development costs paid	(77,818)	(87,168)
Capital injection in investments in associates	(28,750)	(400)
Payments for intangible assets	(8,548)	(4,688)
Withdrawal of fixed bank deposits	240,000	—
Interest received from bank deposits	15,211	8,813
Interest received from short-term bank structured deposits	3,358	3,970
Government grants received for acquisition of plant and equipment	15,190	15,870
Proceeds from disposal of property, plant and equipment	443	552
Purchase of financial assets at FVTPL	(311,000)	(170,000)
Withdrawal of financial assets at FVTPL	120,000	—
Acquisition of non-wholly control subsidiaries	(6,773)	—
Proceeds on partial disposal of an associate	2,920	—
NET CASH USED IN INVESTING ACTIVITIES	(517,535)	(453,882)
FINANCING ACTIVITIES		
Purchase of shares under Share Award Scheme	(146,637)	(26,032)
Repayments of lease liabilities	(7,073)	(9,307)
Repayments of interests on lease liabilities	(378)	(722)
Proceeds from exercise of share options	506	270
Capital contributed by non-controlling interest of subsidiaries	38,127	11,500
Capital injection from other investors classified as financial liability	—	202,000
Proceeds from exercise of award shares	—	5,000
New bank borrowing raised	99,000	—
Repayment of borrowing	(99,000)	—
Interest paid	(1,512)	—
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(116,967)	182,709
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(313,042)	146,876
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	979,312	833,792
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(515)	(1,356)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash	665,755	979,312

1. GENERAL INFORMATION

Lifetech Scientific Corporation ("the Company") was incorporated in the Cayman Islands on 17 August 2006 as an exempted company with limited liability and its shares are listed on the Main Board of the Stock Exchange. Mr. XIE Yuehui, is the Chairman and Chief Executive Officer of the Company. The address of the registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands and the address of the principal place of business is LifeTech Scientific Building, No.22, Keji 12th Road South, High-tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the PRC.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are development, manufacture and trading of advanced interventional medical devices for cardiovascular and peripheral vascular diseases and disorders.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and the Group's major operating subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Noncurrent
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - *continued*

Amendments to IFRSs that are mandatorily effective for the current year - *continued*

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current (2020) (the "2020 Amendments")* and Amendments to IAS 1 *Non-current Liabilities with Covenants (the "2022 Amendments")*

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation.*

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - *continued*

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 9 *and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments*

The amendments to IFRS 9 *Financial Instruments* ("IFRS 9") clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - *continued*

New and amendments to IFRSs in issue but not yet effective - *continued*

Amendments to IFRS 9 *and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments* - *continued*

The disclosure requirements in IFRS 7 *Financial instruments: Disclosures* ("IFRS 7") in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements* (("IAS 1"). This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Basis of consolidation - continued

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Basis of consolidation - continued

Changes in the Group's interests in existing subsidiaries - *continued*

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Variable consideration

For contracts that contain variable consideration (i.e. sales rebate), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Refund Liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Lease* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Leases - continued

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of certain offices and staff dormitory that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Leases - continued

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Leases - continued

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Leases - continued

The Group as a lessor - *continued*

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees and others providing similar services

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve/reserve for share award scheme will continue to be held in share option reserve/reserve for share award sheme.

Share awarded to employees

For shares under Share Award Scheme that vest immediately at the date of grant, the difference between the fair value of the shares at the granted day and considerations receivable is expensed immediately to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Taxation - continued

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets, and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Intangible assets - continued

Internally-generated intangible assets - research and development expenditure - *continued*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporates assets are allocated to the relevant cash generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Impairment on property, plant and equipment, right-of-use assets and intangible assets - continued

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Bank balances and cash presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Financial instruments - continued

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* ("IFRS 3") applies.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Financial instruments - continued

Financial assets - *continued*

Classification and subsequent measurement of financial assets - continued

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment valuation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the investment valuation reserve.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income, expenses, gains and losses line item in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Financial instruments - continued

Financial assets - *continued*

Classification and subsequent measurement of financial assets - continued

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, fixed bank deposits, restricted bank deposits and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Financial instruments - continued

Financial assets - *continued*

Impairment of financial assets subject to impairment assessment under IFRS 9 - continued

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Financial instruments - continued

Financial assets - *continued*

Impairment of financial assets subject to impairment assessment under IFRS 9 - continued

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Financial instruments - continued

Financial assets - *continued*

Impairment of financial assets subject to impairment assessment under IFRS 9 - continued

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables is considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Financial instruments - continued

Financial assets - *continued*

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Other income, expenses, gains and losses" line item (note 6) as part of the net foreign exchange gains/(loss);
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Other income, expenses, gains and losses" line item (note 6) as part of the gain (loss) from changes in fair value of financial assets;
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value through other comprehensive income/revaluation reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment valuation reserve is not reclassified to profit or loss, but is continue to be held in the investment valuation reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Financial instruments - continued

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

3.2 Material accounting policy information - *continued*

Financial instruments - continued

Financial liabilities and equity - *continued*

Financial liabilities at FVTPL - continued

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The Group's financial liabilities at FVTPL are shares issued by a subsidiary, as detailed in note 30, which are mandatorily redeemable if certain specific conditions are not met and classified as liabilities.

The dividends on these shares are recognised in profit or loss as finance costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY - *continued*

Critical judgements in applying accounting policies

The following is the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Capitalisation of development costs

As at 31 December 2024, the carrying amount of the Group's development costs included in the intangible assets is RMB660,407,000 (2023: RMB581,515,000). The capitalisation involved management's judgement in assessing of whether technical and commercial feasibility of each project had been achieved for each of the projects. The assessment of technical feasibility is based on the management assessment of testing results of those products. The assessment of commercial feasibility is evaluated based on the profit forecast of each development project prepared by the management based on certain key assumptions, including revenue to be generated, budget costs and relevant market analysis.

Control over Biotyx Medical

Note 42 describes that Biotyx Medical is a subsidiary of the Group although the Group has only 49.64% ownership interest and voting rights in Biotyx Medical, and the remaining 50.36% of shareholdings are owned by several shareholders that are unrelated to the Group.

The directors of the Company assessed whether the Group has control over Biotyx Medical based on whether the Group has the practical ability to direct the relevant activities of Biotyx Medical unilaterally. In making the judgement, the directors of the Company considered the Group's absolute size of holding in Biotyx Medical and the relative size of and dispersion of the shareholdings owned by the other shareholders. And the Group is entitled to appoint three of the five directors under its Articles of Association. After assessment, the directors of the Company concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Biotyx Medical and therefore the Group has control over Biotyx Medical.

Key sources of estimation uncertainty

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

Fair value measurements of the unlisted equity funds include in financial assets at FVTPL

As at 31 December 2024, the fair value of the Group's unlisted equity funds included in financial assets at FVTPL is RMB209,430,000 (2023: RMB150,619,000). The determination of fair value of the financial assets involved management's judgement as the valuations of investments are inherently subjective, particularly in the use of unobservable inputs for the Level 3 valuation. The information about the financial assets at FVTPL and the fair value measurements is disclosed in notes 20 and 39(c), respectively.

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of sales of medical devices through wholesale and recognised at a point in time

	For the year ended 31 December 2024				For the year ended 31 December 2023			
	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Total RMB'000	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Total RMB'000
Types of goods								
Sales of medical devices	527,578	751,112	25,009	1,303,699	495,666	707,108	64,401	1,267,175
Geographical markets								
Mainland China	308,396	623,700	25,009	957,105	321,885	605,840	64,401	992,126
Europe	75,507	56,245	–	131,752	62,103	48,988	–	111,091
Asia, excluding mainland China and India	62,699	35,802	–	98,501	43,288	24,133	–	67,421
India	38,571	14,997	–	53,568	36,494	9,909	–	46,403
South America	24,407	11,659	–	36,066	21,196	12,338	–	33,534
Africa	11,228	7,704	–	18,932	5,869	5,405	–	11,274
Others	6,770	1,005	–	7,775	4,831	495	–	5,326
Total	527,578	751,112	25,009	1,303,699	495,666	707,108	64,401	1,267,175

The Group manufactures and sells the advanced interventional medical devices for cardiovascular and peripheral vascular diseases and disorders to the corporation directly.

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location (delivery). Following delivery, the customers have full discretion over the manner of distribution and price to sell the goods, also have the primary responsibility on selling the goods and bear the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 180 days (2023: 30 to 180 days) upon delivery.

The contracts of selling medical devices have an original expected duration of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. REVENUE AND SEGMENT INFORMATION - *continued*

Segment Information

The segment information reported internally was analysed on the basis of their products supplied by the Group's operating divisions which is consistent with the internal information that is regularly reviewed by executive directors of the Company, the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of performance.

In the current year, the Group reorganised its internal reporting structure which resulted in changes to the allocation of segment assets and liabilities of its reportable segments. Prior year segment disclosures have been represented to conform with the current year's presentation.

The Group's operating segments under IFRS 8 *Operating Segments* are as follows:

- Structural heart diseases business: trade, manufacture, research and development of devices related to structural heart diseases.
- Peripheral vascular diseases business: trade, manufacture, research and development of devices related to peripheral vascular diseases.
- Cardiac pacing and electrophysiology business: trade, manufacture, research and development of devices related to cardiac pacing and electrophysiology.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Information regarding the above segments is reported below.

5. REVENUE AND SEGMENT INFORMATION - *continued*

Segment Information - *continued*

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 December 2024

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Total RMB'000
SEGMENT REVENUE				
External sales	527,578	751,112	25,009	1,303,699
Segment profit (loss)	458,083	529,667	(8,019)	979,731
Unallocated income				
- Finance income				15,211
- Other income and other gains				114,679
Unallocated expense				
- Other expenses and losses				(99,624)
- Selling and distribution expenses				(339,619)
- Administration expenses				(164,583)
- Research and development expenses				(302,915)
- Finance costs				(1,890)
- Share of results of associates				(662)
- Impairment losses under expected credit loss model, net of reversal				(1,333)
Profit before tax				198,995

5. REVENUE AND SEGMENT INFORMATION - *continued*

Segment Information - *continued*

(a) *Segment revenue and results - continued*

For the year ended 31 December 2023

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Total RMB'000
SEGMENT REVENUE				
External sales	495,666	707,108	64,401	1,267,175
Segment profit	434,294	533,990	26,687	994,971
Unallocated income				
- Finance income				8,813
- Other income and other gains				116,438
- Impairment losses under expected credit loss model, net of reversal				1,513
Unallocated expense				
- Other expenses and losses				(17,133)
- Selling and distribution expenses				(265,339)
- Administration expenses				(149,251)
- Research and development expenses				(297,921)
- Finance costs				(722)
- Share of results of associates				(1,962)
- Changes in fair value of financial liabilities at FVTPL				(213,826)
Profit before tax				175,581

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the gross profit earned by each segment without allocation of all other items of income and expenses, as set out above. This is the measure reported to the CODM, for the purposes of resources allocation and assessment of segment performance.

5. REVENUE AND SEGMENT INFORMATION - *continued*

Segment Information - *continued*

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

Segment assets

	2024 RMB'000	2023 RMB'000
Operating segments		
Structural heart diseases business	688,026	625,742
Peripheral vascular diseases business	979,544	892,671
Cardiac pacing and electrophysiology business	70,595	91,937
Total segment assets	1,738,165	1,610,350
Unallocated assets		
Interests in associates	72,692	46,738
Property, plant and equipment	542,596	437,952
Right-of-use assets	45,468	51,078
Investment properties	292,994	272,346
Deferred tax assets	117,142	83,031
Financial assets at FVTPL	563,149	331,376
Equity instruments at FVTOCI	17,099	113,599
Other receivables and prepayments	478,222	463,041
Cash and cash equivalents	665,755	979,312
Restricted bank deposits	4,975	—
Fixed bank deposits	285,133	240,000
Intangible assets	50,024	30,936
Deposits for acquisition of property, plant and equipment/right-of-use assets	26,964	36,605
Consolidated assets	4,900,378	4,696,364

5. REVENUE AND SEGMENT INFORMATION - *continued*

Segment Information - *continued*

(b) Segment assets and liabilities - continued

Segment liabilities

	2024 RMB'000	2023 RMB'000
Operating segments		
Structural heart diseases business	**127,440**	124,157
Peripheral vascular diseases business	**181,439**	177,122
Cardiac pacing and electrophysiology business	**22,733**	16,132
Total segment liabilities	**331,612**	317,411
Unallocated liabilities		
Other payables	**443,377**	395,748
Tax liabilities	**32,204**	45,935
Government grants	**54,451**	45,678
Lease liabilities	**4,979**	9,296
Financial liabilities at FVTPL	**558,326**	558,326
Consolidated liabilities	**1,424,949**	1,372,394

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments other than interests in associates, certain property, plant and equipment, right-of-use assets, investment properties, deferred tax assets, financial assets at FVTPL, equity instruments at FVTOCI, other receivables and prepayments, cash and cash equivalents, fixed bank deposits, restricted bank deposits, certain intangible assets, and deposits for acquisition of property, plant and equipment/right-of-use assets; and

- All liabilities are allocated to operating segments in arriving at segment liabilities, which exclude certain other payables, tax liabilities, government grants (include current portion under other payables and non-current portion), lease liabilities and financial liabilities at FVTPL.

5. REVENUE AND SEGMENT INFORMATION - *continued*

Segment Information - *continued*

(c) Other segment information

For the year ended 31 December 2024

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit (loss) or segment assets:					
Depreciation of property, plant and equipment	18,761	26,710	889	11,083	57,443
Amortisation of intangible assets	5,440	7,745	258	—	13,443
Write-down on inventories	5,052	7,191	239	—	12,482
Impairment losses recognised on trade receivables, net of reversal	690	982	32	—	1,704
Impairment losses of intangible assets	—	—	—	65,971	65,971

For the year ended 31 December 2023

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or segment assets:					
Depreciation of property, plant and equipment	13,653	19,477	1,773	7,886	42,789
Amortisation of intangible assets	5,457	7,784	709	—	13,950
Write-down on inventories	2,451	3,496	318	—	6,265
Impairment losses recognised on trade receivables, net of reversal	260	372	34	—	666

5. REVENUE AND SEGMENT INFORMATION - *continued*

Segment Information - *continued*

(d) Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets is presented based on geographical locations of the assets.

	Revenue from external customers		Non-current assets	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Mainland China	**957,105**	992,126	**2,099,202**	1,896,222
Europe	**131,752**	111,091	**45**	33
Asia, excluding mainland China and India	**98,501**	67,421	**337**	676
India	**53,568**	46,403	**231**	284
South America	**36,066**	33,534	**—**	—
Africa	**18,932**	11,274	**—**	—
Others	**7,775**	5,326	**—**	—
Total	**1,303,699**	1,267,175	**2,099,815**	1,897,215

Note: Non-current assets excluded financial assets at FVTPL, equity instruments at FVTOCI, fixed bank deposits and deferred tax assets.

(e) Information about major customer

No customer contributed to over 10% of the total sales of the Group during the years of 2024 and 2023.

6. OTHER INCOME, EXPENSES, GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Other income and expenses		
Rental income generated from investment properties	36,637	43,173
Government grants (note 29)	15,460	19,937
Depreciation of investment properties	(9,101)	(8,605)
Others	(5,900)	(8,470)
	37,096	46,035
Other gains and losses		
Impairment losses of intangible assets	(65,971)	—
Gain from changes in fair value of equity funds	56,568	31,011
Unrealised foreign exchange gains in financial assets at FVTPL	2,243	2,548
(Loss) gain from changes in fair value of hybrid funds	(18,118)	400
Interest from short-term bank structured deposits	3,358	3,970
Other net foreign exchange gain	413	10,835
Gain on deemed partial disposal of an associate	—	4,459
Gain on early termination of leases	—	105
Loss on disposal of property, plant and equipment and intangible assets	(534)	(58)
	(22,041)	53,270
	15,055	99,305

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2024 RMB'000	2023 RMB'000
Net impairment losses (reversal of) recognised on:		
- Trade receivables	1,704	666
- Other receivables	1,333	(1,513)
	3,037	(847)

Details of impairment assessment for the years ended 31 December 2024 and 2023 are set out in note 39.

8. FINANCE INCOME, NET

	2024 RMB'000	2023 RMB'000
Finance income from:		
Interest income on bank deposits	15,211	8,813
Finance cost from:		
Interest on bank borrowing	(1,512)	—
Interest on lease liabilities	(378)	(722)
Finance income, net	13,321	8,091

9. PROFIT BEFORE TAX

	2024 RMB'000	2023 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration (note 10)		
Directors' fees	720	720
Salaries, wages and other benefits	283,502	247,453
Performance related bonus	65,416	62,073
Share-based payment expenses	193,927	249,192
Retirement benefits scheme contributions	38,100	33,115
Less: capitalised in development costs, construction in progress and inventories	(113,802)	(212,742)
	467,863	379,811
Auditor's remuneration (including audit and non-audit services):	2,761	3,406
Audit services	2,671	2,873
Non-audit services	90	533
Cost of inventories recognised as expenses (Note i)	322,264	271,538
Depreciation of property, plant and equipment	57,443	42,789
Depreciation of investment properties	9,101	8,605
Depreciation of right-of-use assets	8,009	11,815
Amortisation of intangible assets (Note ii)	13,443	13,950
Less: capitalised in inventories	(13,091)	(15,516)
Total depreciation and amortisation	74,905	61,643
Gross rental income from investment properties	(36,637)	(43,173)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	9,101	8,605
	(27,536)	(34,568)

Notes:

(i) For the year ended 31 December 2024, cost of inventories recognised as expenses included write-down on inventories of RMB12,482,000 (2023: RMB6,265,000).

(ii) Amortisation of intangible assets is included in cost of sales, selling and distribution expenses, administration expenses and research and development expenses amounting to approximately RMB733,000 (2023: RMB865,000), RMB15,000 (2023: RMB15,000), RMB1,619,000 (2023: RMB1,571,000) and RMB11,076,000 (2023: RMB11,499,000) respectively for the year.

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the directors and chief executive by the Group disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

For the year ended 31 December 2024

	Director's fee RMB'000	Salaries and other allowance RMB'000	Performance related bonus (Note ii) RMB'000	Share-based payment expense RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000
Executive directors:						
Mr. XIE Yuehui (Note i)	—	4,859	5,635	1,534	80	12,108
Mr. LIU Jianxiong	—	4,595	3,985	12,005	80	20,665
Ms. RUAN Xingmei (Note iii)	—	57	31	110	7	205
Non-executive director:						
Mr. JIANG Feng	180	—	—	—	–	180
Independent non-executive directors:						
Mr. LIANG Hsien Tse Joseph	180	—	—	—	–	180
Mr. ZHOU Luming	180	—	—	—	–	180
Mr. WANG Wansong	180	—	—	—	–	180
	720	9,511	9,651	13,649	167	33,698

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS - *continued*

For the year ended 31 December 2023

	Director's fee RMB'000	Salaries and other allowance RMB'000	Performance related bonus (Note ii) RMB'000	Share-based payment expense RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000
Executive directors:						
Mr. XIE Yuehui (Note i)	—	3,413	4,900	—	79	8,392
Mr. LIU Jianxiong	—	3,171	3,600	—	79	6,850
Non-executive director:						
Mr. JIANG Feng	180	—	—	—	—	180
Independent non-executive directors:						
Mr. LIANG Hsien Tse Joseph	180	—	—	—	—	180
Mr. ZHOU Luming	180	—	—	—	—	180
Mr. WANG Wansong	180	—	—	—	—	180
	720	6,584	8,500	—	158	15,962

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Notes:

(i) Mr. XIE Yuehui also serves as the chief executive of the Company. His emoluments include services rendered as chief executive.

(ii) The performance related bonus were paid by the Group to any of the executive directors and the chief executive, which is determined with reference to the Group's operating results, individual performance and comparable market practices.

(iii) Ms. RUAN Xingmei was appointed as an executive director and chief compliance officer on 12 December 2024.

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS - *continued*

Of the five individuals with the highest emoluments in the Group, two (2023: two) were directors (one of them is also the Chief Executive Officer) whose emoluments are included above. The emoluments of the remaining three (2023: three) individuals were as follows:

	2024 RMB'000	2023 RMB'000
Employees		
- share-based payment	**11,028**	1,554
- salaries and other benefits	**8,391**	7,480
- performance related bonus	**2,557**	4,654
- contributions to retirement benefits scheme	**310**	280
	22,286	13,968

Their emoluments were within the following bands:

	2024 Number of employees	2023 Number of employees
HKD3,000,001 to HKD3,500,000	**1**	0
HKD4,000,001 to HKD4,500,000	**0**	2
HKD7,000,001 to HKD7,500,000	**0**	1
HKD8,500,001 to HKD9,000,000	**1**	0
HKD12,500,001 to HKD13,000,000	**1**	0
	3	3

For each of the two years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the directors and the chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors nor the chief executive waived or agreed to waive any emoluments during the years ended 31 December 2024 and 2023.

11. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax charge:		
PRC Enterprise Income Tax ("PRC EIT")	**46,857**	70,019
Hong Kong Profits Tax	**19,716**	16,031
(Over) under provision in prior year		
PRC EIT	**(1,958)**	2,474
Deferred tax credit (note 22):		
Deferred tax	**(34,111)**	(20,433)
	30,504	68,091

The Company is tax exempted under the laws of the Cayman Islands.

Lifetech Scientific International Holding Limited, a subsidiary of the Company, is subject to Hong Kong Profits Tax. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2018 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HKD2.0 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2.0 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% on assessable profits earned in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% except for Lifetech Shenzhen, the major operating subsidiary in the PRC. Lifetech Shenzhen has been qualified as a High and New Technology Enterprise since 2009, which was subsequently renewed in November 2023, and therefore Lifetech Shenzhen is entitled to a preferential corporate income tax rate of 15% for the years ended 31 December 2024 and 2023.

The applicable income tax rate of Lifetech Scientific India Private Ltd. in the jurisdiction of India is 30.9% on its taxable profits. No provision for taxation in India has been made as there is no assessable profits in India for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

11. INCOME TAX EXPENSE - *continued*

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	198,995	175,581
Tax at the applicable tax rate of 15% (2023: 15%) (Note)	29,849	26,337
Tax effect of expenses not deductible for tax purpose	1,341	46,194
Tax effect of tax losses not recognised	24,875	20,151
Tax effect of additional deductible research and development expenditure	(25,507)	(28,198)
Tax concession under two-tiered profits tax rates regime	(153)	(175)
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,057	1,308
(Over) under provision in respect of prior years	(1,958)	2,474
Income tax expense for the year	30,504	68,091

Note: The PRC EIT rate of Lifetech Shenzhen that accounts for substantial operation of the Group is 15%.

12. OTHER COMPREHENSIVE EXPENSE

	2024 RMB'000	2023 RMB'000
Other comprehensive expense includes:		
Items that will not be reclassified to profit or loss:		
Fair value loss on investments in equity instruments at FVTOCI	(96,500)	(221,788)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(548)	(1,407)
Other comprehensive expense for the year, net of income tax	(97,048)	(223,195)

13. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

14. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2024 RMB'000	2023 RMB'000
Earnings:		
Earnings for the purposes of basic and diluted earnings per share	222,388	263,242

	2024 '000	2023 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	4,379,345	4,355,625
Effect of dilutive potential ordinary shares:		
Share options	6,865	31,373
Award shares	8,277	59,123
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,394,487	4,446,121

The computation of diluted earnings per share does not assume the conversion of certain of the Company's share options because the exercise price of those options was higher than the average market prices for shares for 2024 and 2023.

Note: Treasury shares are deducted from total number of shares in issue for the purpose of calculating earnings per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Building RMB'000	Construction in progress RMB'000	Plant and machinery RMB'000	Leasehold improvement RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST							
At 1 January 2023	560,716	55,308	219,995	28,607	36,739	5,981	907,346
Exchange realignment	—	—	6	—	29	—	35
Additions	—	145,533	25,898	1,997	7,906	358	181,692
Reclassification	113,686	(124,804)	11,118	—	—	—	—
Transfer to investment properties	(32,326)	—	—	—	—	—	(32,326)
Disposals	(541)	—	(690)	(30)	(807)	(138)	(2,206)
At 31 December 2023	641,535	76,037	256,327	30,574	43,867	6,201	1,054,541
Exchange realignment	—	—	—	—	(340)	—	(340)
Additions	332	150,715	28,679	2,393	9,398	11	191,528
Reclassification	71,644	(73,233)	939	650	—	—	—
Transfer to intangible assets	—	(6,493)	—	—	—	—	(6,493)
Transfer to investment properties	(5,096)	(24,234)	—	—	—	—	(29,330)
Disposals	—	—	(4,635)	—	(2,478)	—	(7,113)
At 31 December 2024	**708,415**	**122,792**	**281,310**	**33,617**	**50,447**	**6,212**	**1,202,793**

	Building RMB'000	Construction in progress RMB'000	Plant and machinery RMB'000	Leasehold improvement RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
DEPRECIATION AND IMPAIRMENT							
At 1 January 2023	33,749	—	99,639	21,072	22,201	2,822	179,483
Exchange realignment	—	—	15	—	71	—	86
Provided for the year	14,696	—	21,198	2,040	4,313	542	42,789
Eliminated on disposals	—	—	(649)	—	(816)	(131)	(1,596)
At 31 December 2023	48,445	—	120,203	23,112	25,769	3,233	220,762
Exchange realignment	—	—	—	—	(307)	—	(307)
Provided for the year	18,066	—	26,409	6,243	6,247	478	57,443
Eliminated on disposals	—	—	(4,155)	—	(1,986)	—	(6,141)
At 31 December 2024	**66,511**	**—**	**142,457**	**29,355**	**29,723**	**3,711**	**271,757**
CARRYING VALUES							
At 31 December 2024	**641,904**	**122,792**	**138,853**	**4,262**	**20,724**	**2,501**	**931,036**
At 31 December 2023	593,090	76,037	136,124	7,462	18,098	2,968	833,779

15. PROPERTY, PLANT AND EQUIPMENT - *continued*

The above items of property, plant and equipment, except for construction in progress, after taking into account of their residual values, are depreciated on a straight-line basis on the following bases:

Building	2.13% - 3.33%
Plant and machinery	10% - 20%
Leasehold improvement	20% - 33.3%
Furniture, fixtures and equipment	20%
Motor vehicles	10%

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
As at 31 December 2024			
Carrying amount	**40,766**	**4,702**	**45,468**
As at 31 December 2023			
Carrying amount	42,436	8,642	51,078
For the year ended 31 December 2024			
Depreciation charge	**1,288**	**6,721**	**8,009**
For the year ended 31 December 2023			
Depreciation charge	1,293	10,522	11,815

	2024 RMB'000	2023 RMB'000
Expense relating to short-term leases	**4,681**	4,393
Total cash outflow for leases	**12,132**	14,422
Addition to right-of-use assets	**2,782**	10,768

For both years, the Group leases various offices, warehouses and staff dormitories for its operations. Lease contracts for leased properties are entered into for fixed terms of 3 months to 4 years (2023: 3 months to 4 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for certain offices and staff dormitory. As at 31 December 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense amounted to RMB4,681,000 (2023: RMB4,393,000) disclosed in this note above.

In addition, lease liabilities of RMB4,979,000 (2023: RMB9,296,000) are recognised with related right-of-use assets of RMB4,702,000 (2023: RMB8,642,000) as at 31 December 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

17. INVESTMENT PROPERTIES

The Group leases out office buildings under operating leases with rentals payable monthly. The leases typically run for a period of 1 to 10 years (2023: 1 to 10 years) with fixed monthly lease payments except a lease of the underground floor of investment property which contains variable lease payment that is based on 6% to 7% (2023: 6% to 7%) annual sales of lessee and minimum annual lease payment that is fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	RMB'000
COST	
At 1 January 2023	282,158
Transfer from property, plant and equipment and right of use assets	34,038
At 31 December 2023	316,196
Transfer from property, plant and equipment and right of use assets	29,749
At 31 December 2024	**345,945**
DEPRECIATION	
At 1 January 2023	35,245
Provided for the year	8,605
At 31 December 2023	43,850
Provided for the year	9,101
At 31 December 2024	**52,951**
CARRYING VALUES	
At 31 December 2024	**292,994**
At 31 December 2023	272,346

The estimated fair value of the Group's investment properties at 31 December 2024 was RMB632,200,000 (2023: RMB722,259,000). The estimated fair value has been arrived at on the basis of valuations carried out by 深圳普華資產評估有限公司, independent qualified professional valuers not connected with the Group on 31 December 2024 and 2023.

17. INVESTMENT PROPERTIES - *continued*

The fair value of the investment properties of the Group were determined either based on income capitalisation approach or direct comparison approach. For those determined based on the income capitalisation approach, the market rentals of all lettable units of the properties under current leases are assessed and discounted at the market yield expected by investors. The market discount rate is determined by reference to the yields derived from analysing the sales transactions of similar properties and adjusted transaction price to reflect location, size, age and maintenance to the Group's investment properties. For those determined based on direct comparison approach, the fair value of the investment properties were determined by reference to the market transaction prices of similar properties in the neighbourhood, and adjusted based on the location, size, age and maintenance of the property.

In estimating the fair value of the properties, the highest and best use of the properties is their current use and the fair value measurements for all of the Group's properties are categorised as Level 3. There has been no change of the valuation technique used from the prior years.

The above investment properties including buildings are depreciated on a straight-line basis over 30 to 47 years (2023: 30 to 47 years).

18. INTANGIBLE ASSETS

	Patents RMB'000	Licenses RMB'000	Computer software RMB'000	Development costs RMB'000	Club membership RMB'000	Total RMB'000
COST						
At 1 January 2023	122,263	2,679	8,570	379,303	2,245	515,060
Additions	—	—	4,688	223,525	—	228,213
Write-off	—	—	(20)	—	—	(20)
At 31 December 2023	122,263	2,679	13,238	602,828	2,245	743,253
Additions	6,493	—	2,055	144,863	—	153,411
Write-off	—	—	(1,361)	—	—	(1,361)
At 31 December 2024	**128,756**	**2,679**	**13,932**	**747,691**	**2,245**	**895,303**
ACCUMULATED AMORTISATION						
At 1 January 2023	42,297	2,679	6,365	—	—	51,341
Provided for the year	12,102	—	1,848	—	—	13,950
Write-off	—	—	(20)	—	—	(20)
At 31 December 2023	54,399	2,679	8,193	—	—	65,271
Provided for the year	12,304	—	1,139	—	—	13,443
Write-off	—	—	(1,356)	—	—	(1,356)
At 31 December 2024	**66,703**	**2,679**	**7,976**	**—**	**—**	**77,358**
ACCUMULATED IMPAIRMENT						
At 1 January 2023 and 31 December 2023	—	—	—	21,313	—	21,313
Provided for the year	—	—	—	65,971	—	65,971
At 31 December 2024	**—**	**—**	**—**	**87,284**	**—**	**87,284**
CARRYING VALUES						
At 31 December 2024	**62,053**	**—**	**5,956**	**660,407**	**2,245**	**730,661**
At 31 December 2023	67,864	—	5,045	581,515	2,245	656,669

18. INTANGIBLE ASSETS - *continued*

The intangible assets, except for development costs and the club membership, are amortised on a straight-line basis over the estimated useful lives:

Patents	3 - 10 years
Licenses	8 - 10 years
Computer software	3 - 10 years

All of the Group's computer software was acquired from third parties. Licenses and certain of the above patents were purchased as part of a business combination in prior years. As at 31 December 2024, patents with carrying amount of RMB53,189,000 (2023: RMB63,904,000) were internally generated.

Development costs are internally generated. The development costs represent relating costs of design, development, production of certain structural heart diseases products and peripheral vascular diseases. The estimated useful lives of these projects will be determined after completion based on expected period of time to generate probable future economic benefits for the Group from the projects.

The membership represent corporate membership with golf clubs which is lifetime membership. As such, the golf club membership is considered by the Group as having indefinite useful life and will not be amortised. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

During the year ended 31 December 2024, management has assessed the risk and the profitability of projects and determined to suspend the development of certain projects, the impairment losses of RMB65,971,000 was recognised in the profit and loss.

19. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Cost of investment in associates	80,775	54,159
Share of post-acquisition loss and other comprehensive expense	(8,083)	(7,421)
	72,692	46,738

19. INTERESTS IN ASSOCIATES - *continued*

The followings set out the particulars of the associates of the Group as at 31 December 2024 and 2023, which in the opinion of the directors, principally affected the results or net assets of the Group:

Name of entities	Country of incorporation	Place of business	Proportion of ownership interest held by the Group		Principle activities
			2024	2023	
深圳市先健創興天使投資合夥企業(有限合夥) (Note i)	The PRC	The PRC	40%	40%	Investing
深圳高性能醫療器械國家研究院有限公司("Joint Laboratory") (Note ii)	The PRC	The PRC	10.42%	10.42%	Developing medical devices
深圳市先健心康醫療電子有限公司 ("Shenzhen Cardio") (Note iii)	The PRC	The PRC	13.10%	13.51%	Developing, manufacturing and trading of medical devices
深圳市領先醫療服務有限公司 ("Advanced Medical")	The PRC	The PRC	40%	40%	Consulting and technology services

Notes:

(i) The Group is still able to exercise significant influence over the partnership enterprise because the Group is entitled to appoint three of the nine members under its Investment Committee.

(ii) The Group continues to be able to exercise significant influence over Joint Laboratory because the Group is entitled to appoint one of the five directors under its Articles of Association.

(iii) During the year ended 31 December 2024, Shenzhen Cardio has introduced independent third party. Upon the introduction, the Group's equity interest in Shenzhen Cardio decreased from 13.51% to 13.10%, and no gain or loss on dilution is recognised in profit or loss of the Group as the amount is insignificant. The Group is still able to exercise significant influence over Shenzhen Cardio because the Group is entitled to appoint one of the five directors under its Articles of Association.

All of these associates are accounted for using the equity method in these consolidated financial statements. The Group considers none of its associates is individually material.

Financial information of these companies has not been disclosed since these associates are immaterial to the Group.

20. FINANCIAL ASSETS AT FVTPL

	2024 RMB'000	2023 RMB'000
Financial assets mandatorily measured at FVTPL:		
Non-current assets		
Unlisted funds		
-Equity funds (Note i)	209,430	150,619
-Hybrid funds (Note ii)	42,639	60,757
Others	80	—
	252,149	211,376
Current assets		
Short-term bank structured deposits (Note iii)	311,000	120,000

Notes:

(i) On 25 May 2018, the Group entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for interest of the 2018 Equity Fund, as a limited partner, for an aggregate consideration of USD6,000,000 (equivalent to approximately RMB38,202,000) in cash. The 2018 Equity Fund principally invests in securities or assets of companies that are involved in the healthcare industry, with a particular focus on cross-border innovative late-stage venture opportunities and cross-over investments.

On 24 October 2022, the Group entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for interest of the 2022 Equity Fund, as a limited partner, for an aggregate consideration of USD20,000,000 (equivalent to approximately RMB144,378,000) in cash. The purposes of the 2022 Equity Fund are to seek capital appreciation primarily by acquiring, holding and disposing of securities, independently or with others, primarily in non-listed or, sometimes, listed entities involved in the healthcare industry, with a particular focus on leading innovative technologies.

(ii) On 8 January 2021, the Group entered into a contract to purchase a hybrid fund unit with a financial institution, which was accounted for as financial assets at FVTPL on initial recognition, for a consideration of RMB10,000,000 in cash.

On 28 November 2023, the Group entered into a contract to purchase another hybrid fund unit with a financial institution, which was accounted for as financial assets at FVTPL on initial recognition, for a consideration of RMB50,000,000 in cash.

(iii) During the years ended 31 December 2024 and 2023, Lifetech Shenzhen entered into structured deposit agreements with certain PRC banks.

20. FINANCIAL ASSETS AT FVTPL - *continued*

The equity funds are managed by fund/investment managers, and the Group does not have rights to engage in the management of the equity funds. The Group, as a limited partner in the equity funds does not have the rights to participate in the financial and operating policy decisions of the equity funds. As such, the Group does not have significant influence over the equity funds, and therefore they are not accounted for as associates.

The equity funds and hybrid funds are accounted for as financial assets at FVTPL in accordance with IFRS 9. In the opinion of the directors of the Company, these funds are held for long-term strategic investment purposes and as such, the investments are classified as non-current.

The Group holds approximately 9.69% (2023: 9.69%) and approximately 4.60% (2023: 12.64%) interest in the 2018 and 2022 Equity Funds at the end of reporting period, respectively.

There was no dividend income during the year ended 31 December 2024 and 2023.

Details about valuation techniques and key inputs of the fair values of the equity funds and hybrid funds are disclosed in note 39(c)(i).

21. EQUITY INSTRUMENTS AT FVTOCI

	2024 **RMB'000**	2023 RMB'000
Listed:		
- Equity securities listed in Hong Kong	**17,099**	113,599

On 21 September 2022, the Group entered into a subscription agreement with Jenscare Scientific pursuant to which the Group agreed to subscribe for shares of the company upon the initial public offering, as a cornerstone shareholder, for an aggregate consideration of USD20,000,000 (equivalent to approximately RMB143,947,000) in cash with the subscription price of HKD27.8 per share. There is a lock-up period of six months upon the initial public offering on 10 October 2022.

These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Group have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

22. DEFERRED TAX ASSETS

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 **RMB'000**	2023 RMB'000
Deferred tax assets	**117,142**	83,031

22. DEFERRED TAX ASSETS - *continued*

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Government grant RMB'000	Impairment loss on financial assets RMB'000	Impairment loss on inventories RMB'000	Share-based expense RMB'000	Unrealised profit on inventories RMB'000	Right-of-use assets and lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	6,048	1,210	1,137	14,529	16,085	(77)	23,666	62,598
Credit (charge) to profit or loss	669	(127)	861	9,065	3,700	(181)	6,446	20,433
At 31 December 2023	6,717	1,083	1,998	23,594	19,785	(258)	30,112	83,031
(Charge) credit to profit or loss	(237)	455	1,845	15,981	1,858	54	14,155	34,111
At 31 December 2024	**6,480**	**1,538**	**3,843**	**39,575**	**21,643**	**(204)**	**44,267**	**117,142**

At the end of the reporting period, the Group has unused tax losses of approximately RMB527,539,000 (2023: RMB374,937,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

	2024 RMB'000	2023 RMB'000
2024	**—**	11,493
2025	**55,101**	55,170
2026	**77,696**	77,696
2027	**45,296**	45,296
2028	**132,213**	185,282
2029	**217,233**	—
	527,539	374,937

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB1,821,081,000 (2023: RMB1,773,987,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

23. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**322,330**	303,229
Work in progress	**63,132**	48,595
Finished goods	**146,936**	131,781
	532,398	483,605

24. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables from contracts with customers	142,816	109,607
Less: allowance for credit losses	(6,126)	(4,422)
	136,690	105,185

Trade receivables mainly arose from sales of medical devices.

The Group normally allows a credit period of 30 to 180 days (2023: 30 to 180 days) to its trade customers. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	2024 RMB'000	2023 RMB'000
1 to 90 days	124,812	61,245
91 to 180 days	6,616	35,977
181 to 365 days	2,760	7,764
Over 365 days	2,502	199
	136,690	105,185

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB39,425,000 (2023: RMB36,763,000) which are past due as at the reporting date. Out of the past due balances, RMB10,388,000 (2023: RMB14,926,000) has been past due 90 days or more and is not considered as in default as the Group considered such balances could be recovered based on repayment history. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade receivables for the years ended 31 December 2024 and 2023 are set out in note 39.

25. OTHER RECEIVABLES AND PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Other debtors (Note i)	18,823	16,730
Value added tax recoverable	76,596	61,893
Prepayments	67,928	60,423
Advance to employees – interest free	22,904	36,869
Advance to employees – others (Note ii)	287,519	282,537
Rental deposits	2,874	3,428
Other deposits	1,578	1,161
	478,222	463,041

Notes:

(i) Amounts are unsecured and interest-free. In the opinion of the directors, the Group will demand for repayments within one year from the end of reporting period and the amounts are therefore considered as current.

Included in the amount as at 31 December 2024 was the balance to an associate amounting to RMB1,775,000 (2023: RMB1,084,000). Details of the relevant transactions are set out in note 41.

Details of impairment assessment of other receivables for the years ended 31 December 2024 and 2023 are set out in note 39.

(ii) As at 31 December 2024 and 2023, the advance to employees represents deferred payment from employees of the Group who acquired 230,945,000 shares under the Group's 2019 Share Award Scheme for a purchase price of HKD1.35 per share. The deferred payments are secured by the corresponding shares. None of these employees is a connected person of the Company as defined under the Listing Rules.

Pursuant to the conditions accepted by these employees and with the consent of the Company, the ownership of such shares has been transferred to these employees and they are obliged to pay for such shares and complete the taking up of such shares within the remaining life of the 2019 Share Award Scheme.

26. FIXED BANK DEPOSITS, RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

(a) As at 31 December 2024, the fixed bank deposits carry interest from 1.2% to 3.3% (2023: 2.6% to 3.41%) per annum upon maturity or carry at floating rate based on daily bank deposit rate if early redemption at any time before the maturity date. Fixed bank deposits amounts to RMB80,000,000 (2023: RMB160,000,000) are classified as non-current assets as it will mature after twelve months from the end of the reporting period, and the remaining amounts to RMB205,133,000 (2023: RMB80,000,000) are classified as current assets as it will mature within twelve months from the end of the reporting period.

(b) Restricted bank deposits mainly represent bank balances placed in certain bank accounts where any withdrawal is restricted.

(c) Cash and cash equivalents include demand deposits, which carry interest at market rates range from 0.0001% to 1.15% (2023: 0.0001% to 0.35%) per annum.

27. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	59,543	124,086
Other payables:		
Government grants (note 29)	4,658	4,749
Accrued payroll and bonus	107,447	107,875
Rental deposits	6,661	7,707
Refund liabilities (Note i)	250,635	185,571
Other payables (Note ii)	142,534	78,205
Construction payables	10,512	25,260
Accrued expenses	166,020	162,982
Value-added tax payables	4,520	10,004
Other tax payables	5,682	3,715
	698,669	586,068
	758,212	710,154

Notes:

(i) The refund liabilities are arisen from outstanding rebates in relation to the goods sold to certain customers.

(ii) Included in the amount as at 31 December 2024 was the balance to an associate amounting to RMB15,942,000 (2023: RMB11,849,000). Details of the relevant transactions are set out in note 41.

The credit period granted by suppliers to the Group ranged from 30 to 120 days (2023: 30 to 120 days). The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
0 - 30 days	7,520	27,738
31 - 60 days	9,020	29,655
61 - 90 days	5,769	15,805
91 - 120 days	3,238	9,754
Over 120 days	33,996	41,134
	59,543	124,086

28. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Medical devices	21,435	7,754

Contract liabilities are recognised when the Group receives amounts from customers before goods are transferred, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount received. Contract liabilities that are expected to be settled within the Group's normal operating cycle, are classified as current based on the Group's earliest obligation to transfer goods or services to the customers.

Revenue recognised during the years ended 31 December 2024 and 2023 included amount to RMB7,754,000 and RMB10,028,000 of contract liabilities at the beginning of the respective reporting period. There was no revenue recognised during the year ended 31 December 2024 that related to performance obligations that were satisfied in prior years (2023: nil).

As at 1 January 2023, contract liabilities amounted to RMB10,028,000.

29. GOVERNMENT GRANTS

	2024 RMB'000	2023 RMB'000
Government grants related to assets:		
At beginning of the year	45,678	40,315
Additions	15,190	15,870
Released to profit or loss	(6,417)	(10,507)
At end of the year	54,451	45,678

	2024 RMB'000	2023 RMB'000
Classified as:		
Current liabilities (included in other payables)	4,658	4,749
Non-current liabilities	49,793	40,929
	54,451	45,678

29. GOVERNMENT GRANTS - *continued*

Government grants include subsidies in relation to the acquisition of plant and equipment and the research and development of medical devices. The amount is transferred to income on a systematic basis over the estimated useful lives of the related assets.

During the year ended 31 December 2024, the Group recognised income of RMB15,460,000 (2023: RMB19,937,000), of which RMB9,043,000 (2023: RMB9,430,000) is directly received and recognised in profit or loss.

30. FINANCIAL LIABILITIES AT FVTPL

	2024 RMB'000	2023 RMB'000
Capital injection from other investors	558,326	558,326

During the year ended 31 December 2020, Lifetech Shenzhen, a wholly-owned subsidiary of the Company, entered into Series A Agreement with certain independent third parties for issuance of shares of Biotyx Medical, a subsidiary of Lifetech Shenzhen, with a total consideration of RMB135,000,000. Pursuant to the Series A Agreement, during the year ended 31 December 2020, Biotyx Medical received the first capital injection of RMB67,500,000. During the year ended 31 December 2021, Biotyx Medical received the second capital injection of RMB67,500,000. Upon the completion of the above transaction, the Group's equity interest in Biotyx Medical decreased from 66.17% to 57.44%.

During the year ended 31 December 2023, Lifetech Shenzhen entered into Series B Agreement with certain independent third parties for issuance of shares of Biotyx Medical, with a total consideration of RMB202,000,000. Pursuant to the Series B Agreement, during the year ended 31 December 2023, Biotyx Medical received the total capital injection of RMB202,000,000. Upon the completion of the transaction, the Group's equity interest in Biotyx Medical decreased from 57.44% to 49.64%.

Pursuant to the above mentioned Series A and Series B Agreements, if Biotyx Medical is unable to meet certain specified conditions under agreed timeframe, the holders of these shares will have the right to require Biotyx Medical to redeem all of their shares at the predetermined consideration. Accordingly, these shares are classified as a financial liability.

The fair value change in relation to the financial liabilities for the year ended 31 December 2024 is insignificant (fair value change of RMB213,826,000 was recognised in profit or loss for the year ended 31 December 2023).

Through financial risk management measures as detailed in note 39, the Group expects that it will be able to satisfy its redemption obligations in the case that the above specific conditions happen.

31. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Lease liabilities payable:		
Within one year	3,787	6,293
Within a period of more than one year but not exceeding two years	1,171	2,432
Within a period of more than two years but not exceeding five years	21	571
	4,979	9,296
Less: Amount due for settlement within 12 months shown under current liabilities	(3,787)	(6,293)
Amount due for settlement after 12 months shown under non-current liabilities	1,192	3,003

The weighted average incremental borrowing rate applied to lease liabilities is 5.82% (2023: 5.82%).

32. SHARE CAPITAL

	Number of shares	Amount USD
Ordinary shares		
Authorised:		
At 1 January 2023, 31 December 2023 and 2024 at USD0.00000125 each	40,000,000,000	50,000

	Number of shares	Amount USD	Shown in the consolidated statement of financial position as RMB'000
Issued and fully paid:			
At 1 January 2023	4,630,030,400	5,789	37
Exercise of share options (note 34)	202,000	—#	—*
At 31 December 2023	4,630,232,400	5,789	37
Exercise of share options (note 34)	380,000	—#	—*
At 31 December 2024	**4,630,612,400**	**5,789**	**37**

Less than USD1.

* Less than RMB1,000.

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-current assets		
Property, plant and equipment	340	679
Interests in subsidiaries	547,935	441,018
Financial assets at FVTPL	454	562
Equity instruments at FVTOCI	17,099	113,599
	565,828	555,858
Current assets		
Other receivables	289,084	283,586
Amounts due from subsidiaries	87,037	85,982
Bank balances and cash	34,089	99,224
	410,210	468,792
Current liabilities		
Other payables	17,991	23,679
Amounts due to subsidiaries	187,646	62,339
Accruals	7,526	7,526
	213,163	93,544
Net current assets	197,047	375,248
Net assets	762,875	931,106
Capital and Reserves		
Share capital	37	37
Reserves	762,838	931,069
Total equity	762,875	931,106

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY - *continued*

Movement in reserves

	Share premium RMB'000	Share option reserve RMB'000	Shares held for Share Award Scheme RMB'000	Investment valuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	1,628,079	148,273	(544,428)	191,440	(545,957)	877,407
Recognition of equity-settled share-based payments	—	58,808	—	—	—	58,808
Exercise of award shares	(811)	—	283,348	—	—	282,537
Exercise of share options	420	(150)	—	—	—	270
Purchase of shares under share award scheme	—	—	(26,032)	—	—	(26,032)
Loss for the year	—	—	—	—	(40,133)	(40,133)
Other comprehensive expense for the year	—	—	—	(221,788)	—	(221,788)
At 31 December 2023	1,627,688	206,931	(287,112)	(30,348)	(586,090)	931,069
Recognition of equity-settled share-based payments	—	106,917	—	—	—	106,917
Exercise of award shares	(1,631)	—	1,631	—	—	—
Exercise of share options	818	(312)	—	—	—	506
Purchase of shares under share award scheme	—	—	(146,637)	—	—	(146,637)
Loss for the year	—	—	—	—	(32,517)	(32,517)
Other comprehensive expense for the year	—	—	—	(96,500)	—	(96,500)
At 31 December 2024	**1,626,875**	**313,536**	**(432,118)**	**(126,848)**	**(618,607)**	**762,838**

34. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share option scheme

Equity-settled share option scheme of the Company:

The Previous Scheme adopted by the Company on 22 October 2011 which was amended by a unanimous written resolution of the Board on 5 May 2015 was terminated pursuant to an ordinary resolution passed by the shareholders at the EGM on 17 September 2021, and the shares already granted are still effective until the end of the exercisable period. A new Share Option Scheme in place of the Previous Scheme was adopted by the Company with effect from 17 September 2021 which has a term of 10 years.

The terms, conditions and fair values at the grant date of the grants are as follows:

	Number of options	Fair value HKD	Weighted average exercise price HKD	Weighted average fair value per share option HKD
Options granted to executives, directors and employees on:				
on 5 May 2015	160,000,000	132,338,000	1.4640	0.8271
on 31 March 2021	33,320,000	53,044,000	3.5700	1.5920
on 12 November 2021	101,800,000	188,423,000	3.5900	1.8509
on 10 December 2021	11,000,000	21,350,000	3.8360	1.9409
on 24 January 2024	174,750,000	172,908,000	1.9500	0.9895
	480,870,000	568,063,000		
Options granted to consultants on 10 December 2021(Note)	24,000,000	46,581,000	3.8360	1.9409

Note: These consultants perform services that are similar to services currently provided by employees.

The above share options are vested in instalments over an explicit vesting period of 12 months to 5.5 years.

34. SHARE-BASED PAYMENT TRANSACTIONS - *continued*

(a) Share option scheme - *continued*

Equity-settled share option scheme of the Company: - continued

The number and weighted average exercise prices of share options under the Previous Scheme and the Share Option Scheme are as follows:

	2024		2023	
	Weighted average exercise price of options HKD	Number of options	Weighted average exercise price of options HKD	Number of options
Outstanding at the beginning of the year	2.9650	225,407,600	2.9756	229,979,600
Granted during the year	1.9500	174,750,000	—	—
Exercised during the year	1.4640	(380,000)	1.4640	(202,000)
Lapsed during the year(Note)	3.0581	(10,573,000)	3.5929	(4,370,000)
Outstanding at the end of the year	2.5082	389,204,600	2.9650	225,407,600
Exercisable at the end of the year	2.3808	120,604,600	2.0852	98,704,600

Note: Certain employees resigned or failed to achieve the performance assessment during the year, and respective share options were lapsed accordingly.

34. SHARE-BASED PAYMENT TRANSACTIONS - *continued*

(a) Share option scheme - *continued*

Equity-settled share option scheme of the Company: - continued

All the share options granted are exercisable by the grantees upon vesting and will expire in a period from 4 May 2025 through 23 January 2034. As at 31 December 2024, the weighted average remaining contractual life for the share options granted under the Previous Scheme and the Share Option Scheme was 2.9 years (2023: 2.6 years).

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial model.

The fair value and assumptions of share options granted on 24 January 2024 are as follows:

	2024
Fair value at measurement date	HKD0.7670 to HKD1.1659
Share price	HKD1.9000
Exercise price	HKD1.9500
Expected volatility	51.1043%
Option life	10 years
Expected dividends yield	0%
Risk-free interest rate	3.5701%

For the year ended 31 December 2024, the Group recognised approximately RMB91,347,000 (2023: approximately RMB42,940,000) share-based payment expenses in profit or loss in relation to the Previous Scheme and the Share Option Scheme, In addition, approximately RMB3,383,000 (2023: approximately RMB1,254,000) was capitalised in development costs.

Equity-settled share option scheme of Biotyx Medical:

Biotyx Medical adopted a share option scheme (the "Biotyx Medical Scheme"), of which to enable Biotyx Medical to grant options to directors, supervisors, senior management, other management personnel, key employees and business partner, who have contributed or may contribute to the development and growth of Biotyx Medical and/or any entity in which Biotyx Medical holds an equity interest.

34. SHARE-BASED PAYMENT TRANSACTIONS - *continued*

(a) Share option scheme - *continued*

Equity-settled share option scheme of Biotyx Medical: - continued

The number and weighted average exercise prices of share options under the Biotyx Medical Scheme is as follows:

	2024		2023	
	Weighted average exercise price of options HKD	Number of options	Weighted average exercise price of options HKD	Number of options
Outstanding at the beginning of the year	0.2547	12,015,600	—	—
Granted during the year	—	—	0.2547	12,015,600
Exercised during the year	—	—	—	—
Lapsed during the year(Note)	0.2547	(530,100)	—	—
Outstanding at the end of the year	0.2547	11,485,500	0.2547	12,015,600
Exercisable at the end of the year	0.2547	9,335,650	0.2547	5,242,100

Note: Certain employees resigned or failed to achieve the performance assessment during the year, and respective share options were lapsed accordingly.

34. SHARE-BASED PAYMENT TRANSACTIONS - *continued*

(a) Share option scheme - *continued*

Equity-settled share option scheme of Biotyx Medical: - continued

Details of specific categories of share options under the Biotyx Medical Scheme are as follows:

Granted on 1 November 2023

Types	Vesting period	Exercisable period	value per option RMB
Batch I	N/A	1 November 2023 - 1 November 2028	22.4467
Batch II	N/A	1 November 2023 - 1 November 2028	22.4467
Batch III	3 months	31 January 2024 - 31 January 2029	22.4467
Batch IV	3 months	31 January 2024 - 31 January 2029	22.4467
Batch V	15 months	31 January 2025 - 31 January 2030	22.4467

Fair value of share options granted	RMB269,711,000

The fair value of shares granted was measured by reference to the price at which third party investors made contributions to Biotyx Medical in 2023.

For the year ended 31 December 2024, the Group recognised approximately RMB23,889,000 (2023: approximately RMB49,490,000) share-based payment expenses in profit or loss in relation to the Biotyx Medical Scheme. In addition, approximately RMB55,956,000 (2023: approximately RMB134,168,000) was capitalised in development costs.

(b) Share Award Scheme

Equity - settled share award scheme of the Company

The 2019 Share Award Scheme

On 28 December 2018, the Company adopted the 2019 Share Award Scheme which was subsequently amended by unanimous written resolutions of the Board on 29 April 2019.

The 2019 Share Award Scheme shall be valid and effective for a term of 10 years commencing on 28 December 2018 after which no further 2019 Scheme Award Shares may be offered.

As at 31 December 2023, the remaining shares have been issued to such grantees and there are no outstanding shares under the 2019 Share Award Scheme.

For the years ended 31 December 2024 and 2023, the Group has not recognised any expenses in the profit or loss, considering there are no vesting conditions attached to such Award Shares.

34. SHARE-BASED PAYMENT TRANSACTIONS - *continued*

(b) Share Award Scheme - *continued*

Equity-settled share award scheme of the Company - continued

The 2022 Share Award Scheme

On 3 March 2022, the Company adopted 2022 Share Award Scheme.

The 2022 Share Award Scheme shall be valid and effective for a term of 10 years commencing on 3 March 2022 after which no further 2022 Scheme Award Shares may be offered.

During the year ended 31 December 2024, the Company instructed the Futu Trustee Limited to repurchase an aggregate of 101,780,000 (2023: 12,224,000) ordinary shares at a consideration of RMB146,637,000 (2023: RMB26,032,000) in accordance with the 2022 Share Award Scheme.

On 21 October 2022, a total of 20,750,000 shares of the Company have been granted by the Company to certain senior management/employees at no price and the vesting period under the 2022 Share Award Scheme ranges from six months to six years.

The following table discloses movements of the 2022 Share Award Scheme during the year ended 31 December 2024 and 2023:

	2024	2023
Unvested at the beginning of the year	18,650,000	20,750,000
Granted during the year	—	—
Vested during the year	(1,690,000)	(910,000)
Lapsed during the year	(1,345,000)	(1,190,000)
Unvested at the end of the year	15,615,000	18,650,000

The fair value of the granted shares are based on the closing price of the shares on the grant date.

For the year ended 31 December 2024, the Group recognised approximately RMB10,702,000 (2023: RMB12,776,000) share-based payment expenses in profit or loss in relation to the 2022 Share Award Scheme. In addition, approximately RMB619,000 (2023: RMB533,000) was capitalised in development costs.

34. SHARE-BASED PAYMENT TRANSACTIONS - *continued*

(c) Restricted Share Scheme

On 5 January 2023, Lifetech Shenzhen adopted a Restricted Share Scheme ("2023 Restricted Share Scheme"). The purpose of the 2023 Restricted Share Scheme is (i) to recognise and motivate the contributions by certain eligible participants and to incentivise them and retain them for the continual operation and development of the Group; (ii) to attract suitable personnel for further development of the Group; and (iii) to provide certain eligible participants with a direct economic interest in attaining a long-term relationship between the Group and certain eligible participants.

During the year ended 31 December 2023, a total of 4,417,500 shares of Biotyx Medical held on behalf of the Company have been granted by the Company to certain senior management/employees at price of RMB1.00 and the vesting period under the 2023 Restricted Share Scheme ranges from five years to six years.

The following table discloses movements of the 2023 Restricted Share Scheme during the year ended 31 December 2024 and 2023:

	2024	2023
Outstanding at the beginning of the year	4,417,500	—
Granted during the year	—	4,417,500
Exercised during the year	—	—
Lapsed during the year	—	—
Outstanding at the end of the year	4,417,500	4,417,500
Exercisable at the end of the year	4,417,500	4,417,500

The fair value of granted shares are based on the recent transaction price of the shares.

For the year ended 31 December 2024, the Group recognised approximately RMB7,437,000 (2023: approximately RMB7,629,000) share-based payment expenses in profit or loss in relation to the 2023 Restricted Share Scheme. In addition, approximately RMB594,000 (2023: approximately RMB402,000) was capitalised in development costs.

(d) Equity-settled share-based payment expenses recognised in the consolidated statement of profit or loss during the current and prior years

	2024 RMB'000	2023 RMB'000
Cost of sales	4,452	2,075
Research and development expenses	39,578	56,863
Administration expenses	38,551	20,577
Selling and distribution expenses	50,794	33,320
	133,375	112,835

35. OPERATING LEASES ARRANGEMENTS

The Group as lessor

All of the investment properties held by the Group for rental purpose have committed leases for the next 1 to 10 years.

Undiscounted lease payments receivable on leases are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	38,895	33,209
In the second year	34,772	24,292
In the third year	26,080	21,967
In the fourth year	19,090	17,969
In the fifth year	15,841	10,717
Over five years	14,077	13,757
	148,755	121,911

36. CAPITAL COMMITMENTS

	2024 RMB'000	2023 RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment - contracted for but not provided in the consolidated financial statements	55,097	91,498

37. RETIREMENT BENEFITS SCHEME

The Group operates numbers of defined contribution plans across its geographies. The PRC retirement benefit scheme is the retirement arrangement of material size. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The Group operates a MPF Scheme for all qualifying employees in Hong Kong.

The total cost paid or payable of approximately RMB38,100,000 for the year ended 31 December 2024 (2023: RMB33,115,000).

38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the financial liabilities at FVTPL disclosed in note 30, lease liabilities disclosed in note 31, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits, other reserves and non-controlling interests.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure mainly through new share issues and share buy-backs.

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Mandatorily measured at FVTPL		
– Short–term bank structured deposits	311,000	120,000
– Unlisted funds	252,069	211,376
– Others	80	—
Amortised cost	1,402,548	1,626,273
Equity instruments at FVTOCI		
– Equity securities listed in Hong Kong	17,099	113,599
Financial liabilities		
Designated at FVTPL	558,326	558,326
Amortised cost	469,885	420,829
Lease liabilities	4,979	9,296

39. FINANCIAL INSTRUMENTS - *continued*

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, equity instruments at FVTOCI, trade receivables, other receivables, restricted bank deposits, fixed bank deposits, bank balances, trade and other payables, financial liabilities at FVTPL and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Certain bank balances, restricted bank deposits, fixed bank deposits, financial assets at FVTPL, equity instruments at FVTOCI, trade receivables, other receivables and certain trade and other payables are denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure by closely monitoring the movement of foreign currency rates.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting date are as follows:

	2024 RMB'000	2023 RMB'000
Assets		
USD	397,229	443,355
Euro ("EUR")	78,691	24,834
Hong Kong Dollars ("HKD")	90,190	151,555
India Rupees ("INR")	8	8
Canadian Dollars ("CAD")	621	637
Liabilities		
USD	25,043	49,422

39. FINANCIAL INSTRUMENTS - *continued*

(b) Financial risk management objectives and policies - *continued*

Market risk - continued

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in the relevant foreign currencies against the functional currency of the respective group entities. 5% (2023: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates.

For the years ended 31 December 2024 and 2023, a positive (negative) number below indicates an increase (a decrease) in profit after tax where the relevant foreign currencies strengthens 5% against the functional currency. For a 5% weakening of the relevant foreign currencies functional currency, there would be an equal and opposite impact on the profit after tax for the year.

	2024 RMB'000	2023 RMB'000
USD		
Profit or loss	**(15,818)**	(16,742)
EUR		
Profit or loss	**(3,344)**	(1,055)
HKD		
Profit or loss	**(3,833)**	(6,441)
INR		
Profit or loss	**—**	—
CAD		
Profit or loss	**(26)**	(27)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

39. FINANCIAL INSTRUMENTS - *continued*

(b) Financial risk management objectives and policies - *continued*

Market risk - continued

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to restricted bank deposits fixed-rate bank deposits, and lease liabilities (see notes 26 and 31 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 26 for details). The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The management of the Group considers that the impact to profit or loss for the year ended 31 December 2024 are insignificant for a reasonable change in the market interest rate. Accordingly, no sensitivity analysis is prepared.

Other price risk

The Group is exposed to equity price risk through its investment in equity securities at FVTOCI and the unlisted equity funds or unlisted hybrid funds measured at FVTPL.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date.

The sensitivity analysis for unlisted equity funds with fair value measurement categorised within Level 3 were disclosed in note 39(c). For sensitivity analysis of equity securities with fair value measurement categorised within Level 1 and Level 2, the sensitivity rate is increased to 10% in current year as a result of the volatile financial market.

If the prices of the respective unlisted hybrid fund had been 10% (2023: 10%) higher/lower, the post-tax profit for the year ended 31 December 2024 would increase/decrease by RMB1,540,000 (2023: RMB34,000) as a result of the changes in fair value of investment in financial assets at FVTPL.

If the prices of the respective unlisted equity funds had been 10% (2023: 10%) higher/lower, the post-tax profit for the year ended 31 December 2024 would increase/decrease by RMB4,808,000 (2023: RMB2,636,000) as a result of the changes in fair value of investment in financial assets at FVTPL.

If the prices of the respective equity instruments had been 10% (2023: 10%) higher/lower, the other comprehensive income would increase/decrease by RMB9,692,000 (2023: RMB22,330,000) as a result of the changes in fair value of investment in equity securities at FVTOCI.

39. FINANCIAL INSTRUMENTS - *continued*

(b) Financial risk management objectives and policies - *continued*

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, restricted bank deposits, fixed bank deposits, bank balances and other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial instruments.

Trade receivables arising from contracts with customers

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances collectively using collective assessment with internal credit rating. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as 41% (2023: 52%) of the total trade receivables was due from the Group's five largest customers. The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 46% (2023: 55%) of the total debtors as at 31 December 2024.

Other receivables/bank balances/restricted bank deposits/fixed bank deposits

Although the bank balances, restricted bank deposits and fixed bank deposits are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are either state-owned banks in the PRC or banks with high credit ratings and quality.

The Group performs impairment assessment under ECL model for other receivables collectively using collective assessment with internal credit rating.

Other than the concentration of the credit risk on trade receivables, the Group do not have any other significant concentration of credit risk.

39. FINANCIAL INSTRUMENTS - *continued*

(b) Financial risk management objectives and policies - *continued*

Credit risk and impairment assessment - continued

Other receivables/bank balances/restricted bank deposits/fixed bank deposits - continued

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL - not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL –not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2024 Gross carrying amount RMB'000	RMB'000	2023 Gross carrying amount RMB'000	RMB'000
Financial assets at amortised cost								
Bank balances	26	AA+	N/A	12m ECL		665,755		978,813
Fixed bank deposits	26	AA+	N/A	12m ECL		285,133		240,000
Restricted bank deposits	26	AA+	N/A	12m ECL		4,975		—
Other receivables	25	N/A	Low risk	12m ECL	278,035		296,050	
			Watch List	12m ECL	34,576		6,770	
			Loss	Credit-impaired	2,257	314,868	2,196	305,016
Trade receivables	24	N/A	(Note)	Lifetime ECL	141,244		108,025	
			Loss	Credit-impaired	1,572	142,816	1,582	109,607

39. FINANCIAL INSTRUMENTS - *continued*

(b) Financial risk management objectives and policies - *continued*

Credit risk and impairment assessment - continued

Other receivables/bank balances/restricted bank deposits/fixed bank deposits - continued

Note:

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the ECL on these items on a collective basis, grouped by internal credit rating.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its sales operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on collective assessment within lifetime ECL (not credit-impaired). As at 31 December 2024, debtors with credit-impaired with gross carrying amounts of RMB1,572,000 (31 December 2023: RMB1,582,000) were assessed individually.

Internal credit rating	Average loss rate	2024 Trade receivables RMB'000
Low risk	0.27%	129,861
Watch list	25.02%	4,179
Doubtful	44.13%	7,204
		141,244

Internal credit rating	Average loss rate	2023 Trade receivables RMB'000
Low risk	0.83%	99,920
Watch list	9.22%	1,450
Doubtful	28.24%	6,655
		108,025

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

39. FINANCIAL INSTRUMENTS - *continued*

(b) Financial risk management objectives and policies - *continued*

Credit risk and impairment assessment - continued

Other receivables/bank balances/restricted bank deposits/fixed bank deposits - continued

Note: - *continued*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2023	2,240	1,516	3,756
Changes due to financial instruments recognised as at 1 January 2023			
– Impairment losses reversed	(1,081)	(104)	(1,185)
New financial assets originated	1,721	130	1,851
As at 31 December 2023	2,880	1,542	4,422
Changes due to financial instruments recognised as at 1 January 2024			
– Impairment losses reversed	(1,310)	(224)	(1,534)
New financial assets originated	3,238	—	3,238
As at 31 December 2024	4,808	1,318	6,126

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

The following table shows the movement in lifetime and 12m ECL that has been recognised for other receivables.

	12m ECL RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2023	2,058	2,196	4,254
Changes due to financial instruments recognised as at 1 January 2024			
– Impairment losses reversed	(1,610)	—	(1,610)
New financial assets originated	97	—	97
As at 31 December 2023	545	2,196	2,741
Changes due to financial instruments recognised as at 1 January 2024			
– Impairment losses reversed	(198)	—	(198)
New financial assets originated	1,470	61	1,531
As at 31 December 2024	1,817	2,257	4,074

39. FINANCIAL INSTRUMENTS - *continued*

(b) Financial risk management objectives and policies - *continued*

Liquidity risk

In the management of liquidity risk, the Group's management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is driven from interest rate at the end of reporting period.

Liquidity and interest risk tables

	Interest rate %	Repayable on demand RMB'000	Less than 3 months RMB'000	3 months to 1 year RMB'000	1 - 5 years RMB'000	Undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2024							
Non-derivative financial liabilities							
Trade and other payables	–	424,126	5,851	39,908	–	469,885	469,885
Financial liability at FVTPL	10	–	–	–	490,600	490,600	558,326
Lease liabilities	5.82	–	1,163	2,804	1,218	5,185	4,979
Total		424,126	7,014	42,712	491,818	965,670	1,033,190
At 31 December 2023							
Non-derivative financial liabilities							
Trade and other payables	–	384,811	35,521	497	–	420,829	420,829
Financial liability at FVTPL	10	–	–	–	490,600	490,600	558,326
Lease liabilities	5.82	–	2,420	4,202	3,122	9,744	9,296
Total		384,811	37,941	4,699	493,722	921,173	988,451

39. FINANCIAL INSTRUMENTS - *continued*

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets.

Some of the Group's financial assets are measured at fair value for financial reporting purposes. For instruments with significant unobservable inputs under Level 3, the management of the Company engaged an independent qualified professional valuer to determine the appropriate valuation techniques and inputs for fair value measurements.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy

	2024 RMB'000	2023 RMB'000
Financial assets at FVTPL		
Short-term bank structured deposits	**311,000**	120,000
Unlisted funds		
–Equity funds	**209,430**	150,619
–Hybrid funds	**42,639**	60,757
Equity instruments at FVTOCI		
Equity securities listed in Hong Kong	**17,099**	113,599
Financial liability at FVTPL		
Capital injection from other investors	**558,326**	558,326

39. FINANCIAL INSTRUMENTS - *continued*

(c) Fair value measurements of financial instruments - *continued*

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis - continued

Financial assets/ liability	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 December 2024	31 December 2023			
Listed equity securities	Equity securities Listed in Hong Kong – RMB17,099,000	Equity securities Listed in Hong Kong – RMB113,599,000	Level 1	Quoted bid prices of the same listed entity in an active market	N/A.
Unlisted equity funds	Interests in limited partnerships engaged in fund investment - RMB200,548,000	Interests in limited partnerships engaged in fund investment - RMB140,751,000	Level 3 (note)	Adjusted net asset approach - in this approach, the net assets value of the investee is adjusted by using premium over net assets value of listed entities in similar industries	Premium of -8.5% (2023: -5.9%) over net assets value of listed entities in similar industries.
Unlisted equity funds	Interests in limited partnerships engaged in fund investment - RMB8,882,000	Interests in limited partnerships engaged in fund investment - RMB9,868,000	Level 3 (note)	Adjusted net asset approach - in this approach, the net assets value of the investee is adjusted by using premium over net assets value of listed entities in similar industries	Premium of -8.5% (2023: Premium of -5.9%) over net assets value of listed entities in similar industries.
Unlisted hybrid funds	Interests in a limited partnership engaged in fund investment - RMB42,639,000	Interests in a limited partnership engaged in fund investment - RMB60,757,000	Level 2	Redemption value quoted by the relevant investment fund with reference to the underlying assets (mainly listed securities and government bonds) of the fund	N/A
Short-term bank structured deposits with variable interest rate	RMB311,000,000	RMB120,000,000	Level 2	Income approach - The discounted cash flow method was used to estimate the interest from the underlying bank deposits	N/A
Capital injection from other investors	RMB558,326,000	RMB558,326,000	Level 2	Recent transaction approach	N/A

39. FINANCIAL INSTRUMENTS - *continued*

(c) Fair value measurements of financial instruments - *continued*

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis - continued

Note:

A decrease in the premium over net assets value used in isolation would result in a decrease in the fair value measurement of unlisted equity funds and vice versa. The directors of the Company believe that reasonable possible increase/decrease in and vice versa. the premium over net assets value rate was not significant to the consolidated financial statements. There is no transfer between different levels of the fair value hierarchy during the years ended 31 December 2024 and 2023.

(ii) Reconciliation of Level 3 fair value measurements

	Unlisted equity fund RMB'000
At 1 January 2023	117,060
Addition	—
Gain from fair value changes	31,011
Unrealised foreign exchange gain	2,548
At 31 December 2023	150,619
Addition	—
Gain from fair value changes	56,568
Unrealised foreign exchange gain	2,243
At 31 December 2024	**209,430**

Of the total gains for the period included in the profit or loss, RMB56,568,000 (2023: RMB31,011,000) relates to financial assets designated as at FVTPL held at the end of the current reporting period. Fair value gains or losses on financial assets designated at FVTPL are included in 'other income, expenses, gains and losses'.

(iii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in consolidated financial statements, approximate their fair value.

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000	Bank borrowing RMB'000	Financial liabilities at FVTPL RMB'000
At 1 January 2023	9,674	—	142,500
Recognition of lease liabilities	10,654	—	—
Financing cash flows	(10,029)	—	202,000
Fair value adjustments	—	—	213,826
Interest expenses	722	—	—
Early termination	(1,725)	—	—
At 31 December 2023	9,296	—	558,326
Recognition of lease liabilities	2,756	—	—
Financing cash flows	(7,451)	(1,512)	—
Fair value adjustments	—	—	—
Interest expenses	378	1,512	—
At 31 December 2024	4,979	—	558,326

41. RELATED PARTY DISCLOSURES

(a) Significant related party transaction

Same as disclosed in notes 25 and 27, the Group entered into the following transactions with the related party during the year.

Relationship	Nature of transactions	2024 RMB'000	2023 RMB'000
Associate	Consulting services	10,176	8,834
	Equipment leasing	1,126	1,580
		11,302	10,414

The remuneration of directors and other members of key management personnel were as follows:

	2024 RMB'000	2023 RMB'000
Salaries	9,378	6,461
Short-term employee benefits	9,784	8,623
Post-employment benefits	167	158
	19,329	15,242

(b) Compensation of key management personnel

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

42. PARTICULARS OF INTERESTS IN SUBSIDIARIES OF THE COMPANY

Name of subsidiaries	Place of incorporation/ establishment/ operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital/equity interests and voting power held by the Company 2024	2023	Principal activities
Lifetech Scientific India Private Ltd.	India	INR6,573,680	100%*	100%*	Trading of medical devices
Δ#Lifetech Shenzhen	The PRC	RMB100,000,000	100%	100%	Developing, manufacturing and trading of medical devices
LifeTech Scientific (Europe) B.V.	Netherlands	EUR2,000	100%*	100%*	Investment holding
LifeTech Scientific (Netherlands) B.V.	Netherlands	EUR18,000	100%*	100%*	Trading of medical devices

42. PARTICULARS OF INTERESTS IN SUBSIDIARIES OF THE COMPANY - *continued*

Name of subsidiaries	Place of incorporation/ establishment/ operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital/equity interests and voting power held by the Company		Principal activities
			2024	2023	
LifeTech Scientific International Investments Limited	British Virgin Islands	USD50,000	100%	100%	Investment holding
LifeTech Scientific International Holding Limited	Hong Kong	HKD1	100%	100%	Trading of medical devices
LifeTech Hellas Import and Trade of Medical Devices Single Member Limited Liability Company	Greece	EUR30,000	100%*	100%*	Trading of medical devices
Δ深圳市先健呼吸科技有限公司	The PRC	RMB40,000,000	68.82%*	70%*	Biomedical research and development, consulting services
ΔDongguan LifeTech	The PRC	RMB50,000,000	100%*	100%*	Developing, manufacturing and trading of medical devices, properties leasing
ΔBiotyx Medical	The PRC	RMB154,263,902	49.64%*	49.64%* (note iii)	Developing, manufacturing and trading of medical devices consulting and technical services
Δ東莞先健量子醫療科技有限公司	The PRC	RMB10,000,000	50.1%*	50.1%*	Developing, manufacturing and trading of medical devices, technical services
LifeTech Scientific Deutschland GmbH	Germany	EUR300,000	100%*	100%*	Trading of medical devices
Δ深圳市健心醫療科技有限公司	The PRC	RMB90,000,000	79.45%*	80%*	Developing, manufacturing and trading of medical devices, consulting and technical services

42. PARTICULARS OF INTERESTS IN SUBSIDIARIES OF THE COMPANY - *continued*

Name of subsidiaries	Place of incorporation/ establishment/ operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital/equity interests and voting power held by the Company		Principal activities
			2024	2023	
△深圳市先健創新醫療投資有限公司	The PRC	RMB50,000,000	100%*	100%*	Investment holding, developing of medical products, consulting services
△深圳市先健神康醫療有限公司	The PRC	RMB20,000,000	69.84%*	70%*	Developing, manufacturing and trading of medical devices, technical services

* Indirectly held through subsidiaries.

\# A wholly foreign owned enterprise.

△ Limited liability company established in the PRC.

Notes:

(i) None of the subsidiaries had issued any debt securities at the end of the year or at any time during the year.

(ii) The directors consider none of the non-wholly owned subsidiaries of the Group has a material non-controlling interest, and accordingly, no summarised financial information in respect of any of these subsidiaries has been presented.

(iii) During the year ended 31 December 2023, Lifetech Shenzhen and Biotyx Medical entered into Series B Agreement with certain independent third parties for issuance of shares of Biotyx Medical. Upon the completion of the transaction, the Group's equity interest in Biotyx Medical decreased from 57.44% to 49.64%. The Group retains control over Biotyx Medical even though it holds less than half of the voting rights of Biotyx Medical. Details about the judgement on consolidation of the entity are disclosed in note 4.

43. EVENTS AFTER THE REPORTING PERIOD

During the period from 28 June 2024 to 27 February 2025, Lifetech Shenzhen entered into Structured Deposit Agreements with China Merchants Bank, pursuant to which Lifetech Shenzhen subscribed for principal-protected and floating income deposits issued by China Merchants Bank in an aggregate principal amount of RMB273,000,000. The relevant subscription amounts under the Structured Deposit Agreements on an aggregate basis constitute a discloseable transaction for the Company. Details of the Structured Deposit Agreements are set out in the Company's announcement dated 27 February 2025.

Save for the aforementioned, there have not been any significant events affecting the Group after 31 December 2024.

PROPERTIES HELD FOR INVESTMENT

INVESTMENT PROPERTIES

Location	Type of properties	Lease term
Certain floors of Songshan Lake LifeTech Medical Device Production and Research Project, No.4, Zhanghua Road, Songshan Lake High-tech Industrial Development Zone, Dongguan, the PRC	Factory	Medium-term lease
Certain floors of LifeTech Scientific Building No.22, Keji 12th Road South, High-tech Industrial Park, Nanshan District, Shenzhen, the PRC	Office premises/Store	Medium-term lease
Certain parking spaces on G/F LifeTech Scientific Building No.22, Keji 12th Road South, High-tech Industrial Park, Nanshan District, Shenzhen, the PRC	Carpark	Medium-term lease
Partial area of Tianfa Building Tianan Chegongmiao Industrial Zone, Futian District, Shenzhen, the PRC	Factory	Medium-term lease
Certain rooms of Jiutai Apartment Tianan Chegongmiao Industrial Zone, Futian District, Shenzhen, the PRC	Residential premises	Medium-term lease