康沣生物

康灃生物科技(上海)股份有限公司
Cryofocus Medtech (Shanghai) Co., Ltd.

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

Stock Code: 6922

2024

Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. LI Kejian (李克儉) *(Chairperson)*
Mr. ZHU Jun (朱軍) *(General manager)*
Mr. LIU Wei (劉偉) *(Chief financial officer, board secretary and joint company secretary)*

Non-executive Directors

Mr. LV Shiwen (呂世文)
Mr. ZHAO Chunsheng (趙春生)

Independent non-executive Directors

Dr. GAO Dayong (高大勇)
Mr. LIANG Hsien Tse Joseph (梁顯治)
Dr. QIN Zheng (覃正)
Dr. HU Henan (胡赫男)

AUDIT COMMITTEE

Mr. LIANG Hsien Tse Joseph (梁顯治) *(Chairperson)*
Mr. ZHAO Chunsheng (趙春生)
Dr. QIN Zheng (覃正)

REMUNERATION COMMITTEE

Dr. QIN Zheng (覃正) *(Chairperson)*
Mr. LIANG Hsien Tse Joseph (梁顯治)
Mr. LI Kejian (李克儉)

NOMINATION COMMITTEE

Mr. LI Kejian (李克儉) *(Chairperson)*
Dr. QIN Zheng (覃正)
Dr. HU Henan (胡赫男)

SUPERVISORS

Ms. LI Jiawei (李佳蔚) *(Chairperson)*
Mr. ZHU Haorong (朱浩榮)
Mr. QIU Junkang (邱軍康)

JOINT COMPANY SECRETARIES

Mr. LIU Wei (劉偉)
Ms. LEUNG Wai Yan (梁慧欣) *(ACG, HKACG)*

AUTHORIZED REPRESENTATIVES

Mr. ZHU Jun (朱軍)
Ms. LEUNG Wai Yan (梁慧欣)

REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Building 15
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Pudong New Area
Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One
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Causeway Bay
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants and
Registered Public Interest Entity Auditor
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Quarry Bay
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:
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Hong Kong

As to PRC law:
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Ningbo, Zhejiang
PRC

H SHARE REGISTRAR

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17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKS

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2nd Floor, No. 1441
Changyang Road
Yangpu District
Shanghai
PRC

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No. 2, Suiyuan Street
Jiangbei District
Ningbo City
Zhejiang Province
PRC

STOCK CODE

6922

COMPANY'S WEBSITE

www.cryofocus.com

LISTING DATE

December 30, 2022

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years*(Note)* is set out below:

	For the year ended December 31,				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**53,531**	40,950	27,149	22,426	9,054
Gross profit	**38,410**	31,052	19,362	15,545	4,640
Loss for the year	**(111,277)**	(105,746)	(118,316)	(126,497)	(159,333)
Cash and cash equivalents	**45,458**	103,402	226,422	157,867	7,486

	As at December 31,				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	**51,088**	62,906	49,655	42,306	23,378
Total current assets	**98,159**	149,915	264,208	189,387	50,980
Total current liabilities	**59,815**	30,782	45,734	28,289	23,488
Total non-current liabilities	**10,501**	8,579	8,740	6,406	588
Non-controlling interests	**5,083**	11,995	20,255	26,349	–
Total equity	**78,931**	173,460	259,389	196,998	50,282

Note: The H Shares of the Company were listed on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on December 30, 2022.

Chairperson's Statement

Dear Shareholders,

On behalf of the board of directors of Cryofocus Medtech (Shanghai) Co., Ltd. (the "**Company**" or "**Cryofocus Medtech**") and its subsidiaries (collectively, the "**Group**"), I would like to extend my sincerest greetings to all of you, and express my heartfelt gratitude for the trust and support of our Shareholders, partners and employees.

In 2024, many challenges such as geopolitics and supply chain volatility remained for the global economic recovery. Against this backdrop, benefiting from the continuous growth of the minimally-invasive interventional cryotherapy market in China, the policy support and the collaborative efforts of our team, Cryofocus Medtech recorded a year-on-year increase of 30.7% in revenue, reaching RMB53.53 million, a record high. Our team remained dedicated to innovation and further exploration in minimally-invasive interventional cryotherapy and made significant progress with several products.

A number of product candidates of Cryofocus Medtech made significant progress in 2024. After the NMPA approval for the AF Cryoablation System in December 2023, we also received the NMPA approval for the Cryoadhesion System in January 2024. In the same month, our Benign Stenosis Cryoablation System entered into the confirmatory clinical trial phase. At the same time, we also passed the Good Manufacturing Practice (GMP) examination conducted by the Shanghai Medical Products Administration for the AF Cryoablation System in January 2024. In addition, the Company submitted the registration application for our Anti-Gastroesophageal Reflux System in May 2024. Afterwards, the Company commercialized the AF Cryoablation System and the Cryoadhesion System in China in September 2024. These achievements fully demonstrated our research and development strengths and market competitiveness, and also laid a solid foundation for the commercialization of our products. Adhering to the corporate mission to "specialize in development of cryoablation technology with commitment to research and development of innovative life science technology in China", the Company is committed to building a world-leading platform for minimally-invasive cryotherapy, aiming to provide better health products and services for the public and improve their life quality and senses of happiness. In addition to the above breakthroughs of our product pipeline, we entered into an exclusive distribution agreement with BSC International Medical Trading (Shanghai) Co., Ltd. in respect of respiratory intervention products in mainland China in July 2024, which not only significantly enhanced our channel sales capabilities, but also helped the Company accumulate abundant channel and market resources for a number of products to be commercially marketed in the future, thereby creating a stronger driving force for sales revenue. In addition, we conducted the research on the liquid nitrogen ultra-low temperature cryoablation system for lung cancer with the Guangzhou National Laboratory and the First Affiliated Hospital of Guangzhou Medical University in the second half of 2024 to promote the iteration of technology. In the future, we will continue to promote proactive innovation, enhance technology research and development capabilities, and expand our product pipelines to meet evolving market demand.

As quality remains our top priority, we will continue to strengthen quality control and supervision to ensure the safety and efficacy of our products, so as to deliver the highest quality health solutions to the public. At the same time, we will also accelerate the commercialization of our products, and enhance the profitability of the Company to create greater value for our Shareholders.

In conclusion, I would like to thank again all Shareholders, partners and employees for your support and trust. I am looking forward to working with all of you to shape a brighter future together!

Mr. LI Kejian
Chairman of the Board

March 31, 2025

Management Discussion and Analysis

I. BUSINESS REVIEW

Overview

We are an innovative medical device company in China with a main focus on the field of minimally-invasive interventional cryotherapy. We use liquid nitrogen as the main cryogenic source for cryotherapy systems by leveraging our unique liquid nitrogen cryoablation technology and advanced flexible catheter technology. Since our inception in 2013, we have developed a comprehensive product portfolio mainly focusing on two therapeutic areas: (i) vascular interventional therapy for the treatment of atrial fibrillation, hypertension and other cardiovascular diseases; and (ii) natural orifice transluminal endoscopic surgery, or NOTES, for the treatment of urinary, respiratory, and digestive diseases (e.g., bladder cancer, chronic obstructive pulmonary disease, asthma, airway stenosis, gastric cancer, and esophageal cancer). We believe our competitive advantage, technologies and product pipeline have helped us establish high entry barriers difficult for our competitors to surpass.

Products and Pipeline

We have developed a comprehensive product portfolio, including 14 cryotherapy products and product candidates with a main focus on vascular intervention and NOTES, as well as nine additional non-cryotherapy products and product candidates. We have commercialized ten products as at the date of this annual report. The following diagram summarizes the status of our products and product candidates as at the date of this annual report.

		Products/Product Candidates	Indications/ Clinical Applications	NMPA Classification	Development Stage: Pre-Clinical	Clinical	Registration and Approval	Expected/Actual Time of Completion of the Current Stage	Expected/Actual Time of Approval for Commercialization
Our Products and Products Candidates									
Vascular Interventional Cryotherapy Products and Product Candidates	Vascular Intervention	AF Cryoablation System (心臟冷凍消融系統)	Paroxysmal atrial fibrillation	III				N/A	Dec-23
		Cryo-RDN System (Cryofocus 冷凍消融系統)	Resistant hypertension	III				2H26	2H27
		Pulmonary Hypertension Cryoablation System (肺動脈高壓冷凍消融系統)	Pulmonary hypertension	III				2H26	2H29
NOTES Interventional Cryotherapy Products and Product Candidates	Respiratory Intervention	COPD Cryospray System (慢阻肺冷凍噴霧治療系統)	COPD with chronic bronchitis	III				2H25	2H26
		Asthma Cryoablation System (哮喘冷凍消融系統)	Moderate and severe asthma	III				2H25	2H26
		Malignant Stenosis Cryoablation System (惡性狹窄冷凍消融系統)	Malignant airway stenosis	III				N/A	Mar-25
		Benign Stenosis Cryoablation System (良性狹窄冷凍消融系統)	Benign airway lesion	III				1H27	2H27
		Peri-Pulmonary Nodule Cryoablation System (肺周結節冷凍消融系統)	Peri-pulmonary nodules	III				2H26	2H27
		Cough Cryospray System (咳嗽冷凍噴霧治療系統)	Chronic cough	III				1H25	2H26
		Tuberculosis Cryospray System (結核冷凍噴霧治療系統)	Tracheobronchial tuberculosis	III				2H25	2H26
		Cryoadhesion System (冷凍粘連治療系統)	Biopsy, stenosis recanalization and foreign body retrieval	III				N/A	Jan-24
	Cancer Intervention	Bladder Cryoablation System (膀胱冷凍消融系統)	Non-muscle-invasive bladder tumors	III				N/A	Jun-22
		Gastric Cryoablation System (胃部冷凍消融系統)	Gastric tumors	III				2H25	2H26
		Esophageal Cryospray System (食道冷凍噴霧治療系統)	Intermediate to advanced esophagus cancer	III				2H25	1H27
Non-Cryotherapy Products and Product Candidates		Atrial Fibrillation Pulsed Field Ablation System (房顫脈衝電場消融(PFA)系統)	Paroxysmal atrial fibrillation	III				1H26	1H27
		Anti-Gastroesophageal Reflux System (抗胃食管反流系統)	Gastroesophageal reflux disease	III				1H25	1H25
		Pulmonary Nodule Localization Needle (肺結節定位針)	CT-guided localization of lung nodules	III				N/A	Mar-19
		Endoscopic Clip for Anastomosis (內鏡吻合夾)	Closure treatment of soft tissues	II				N/A	Aug-22
		Laparoscopic Single Port Multi-Channel Access Platform (單孔多通道腹腔鏡手術入路系統)	Laparoscopic surgery	II				N/A	Feb-17
		Wound Retractor (開創保護器)	Small incision surgery and minimally invasive surgery	II				N/A	May-14
		Ureteral Dilation Balloon Catheter (輸尿管擴張球囊導管)	Ureteral Stricture	II				N/A	Dec-18
		Laparoscopic Biopsy Bag (腹腔鏡用活檢袋)	Biopsy	II				N/A	May-14
		Laparoscopic Surgical Instrument (腹腔鏡手術器械)	Laparoscopy	II				N/A	Oct-18

Commercialized　Product Status

Our Products and Product Candidates

Vascular Interventional Cryotherapy Products and Product Candidates

Vascular Intervention

1. AF Cryoablation System

   Our Atrial Fibrillation Cryoablation System (心臟冷凍消融系統) ("**AF Cryoablation System**") is a self-developed cryoablation system indicated for the treatment of paroxysmal atrial fibrillation. The AF Cryoablation System treats atrial fibrillation by freezing and destroying abnormal heart tissues that create irregular heartbeats in a minimally invasive procedure.

   We initiated the clinical trial for the AF Cryoablation System in October 2019. We submitted the registration application for our AF Cryoablation System to the NMPA in July 2022, and have received the NMPA approval for the AF Cryoablation System in December 2023. Further, we have passed the Good Manufacturing Practice ("**GMP**") examination conducted by the Shanghai Medical Products Administration for the AF Cryoablation System in January 2024. We commercialized our AF Cryoablation System in China in September 2024.

2. Cryo-RDN System

   Our Cryofocus Renal Denervation System (Cryofocus冷凍消融系統) ("**Cryo-RDN System**") is a self-developed cryoablation system designed for the treatment of hypertension. Renal denervation is a minimally-invasive procedure intended to deliver energy to overactive nerves in the kidney, which is a cause of hypertension, so as to decrease their activity and treat hypertension. Our Cryo-RDN System delivers liquid nitrogen to the target area of the renal artery to perform circumferential ablation, which damages nerve tissues through the formation and rewarming of ice balls, thus achieving the treatment of hypertension.

   We aim to make this product candidate the world's first cryoablation product that specifically focuses on the treatment of hypertension. In December 2022, the Cryo-RDN System was granted designation as a "Breakthrough Device" by the FDA. We are currently conducting a confirmatory clinical trial of the Cryo-RDN System, and we expect to obtain approval from the NMPA in the second half of 2027.

3. Pulmonary Hypertension Cryoablation System

   Our Pulmonary Hypertension Cryoablation System (肺動脈高壓冷凍消融系統) ("**PH Cryoablation System**") is a self-developed cryoablation system designed for treating pulmonary hypertension. It employs a balloon catheter to perform circumferential cryoablation on the sympathetic nerve of pulmonary artery, effectively isolating the sympathetic nerve signaling and thus treating pulmonary hypertension.

   Our PH Cryoablation System is currently in the stage of pre-clinical study and we expect to obtain approval from the NMPA in the second half of 2029.

NOTES Interventional Cryotherapy Products and Product Candidates

Respiratory Intervention

1. COPD Cryospray System

   Our COPD Cryospray System (慢阻肺冷凍噴霧治療系統) is a spray cryotherapy system developed by the Company, which is indicated to perform cryotherapy for patients suffering from COPD with chronic bronchitis. Our COPD Cryospray System ablates and deactivates the diseased airway mucosal epithelium by spraying liquid nitrogen under the bronchoscope to achieve therapeutic effect.

   Our COPD Cryospray System entered into the confirmatory clinical trial phase in March 2023. We expect to submit the product registration submission to the NMPA in the second half of 2025 and to obtain approval from the NMPA in the second half of 2026.

2. Asthma Cryoablation System

   Our Asthma Cryoablation System (哮喘冷凍消融系統) is a self-developed cryoablation system for treating moderate and severe asthma.

   The Asthma Cryoablation System consists of a cryotherapy equipment and an airway cryoablation catheter. During the procedure, the Asthma Cryoablation System destroys the vagus nerve in the lungs through cryoablation, reducing the release of over-activated acetylcholine that is a cause of asthma, and decreasing mucus secretion, thus achieving the effect of treating asthma.

   Our Asthma Cryoablation System entered into the confirmatory clinical trial phase in March 2023. We expect to submit the product registration submission to the NMPA in the second half of 2025 and to obtain approval from the NMPA in the second half of 2026.

3. Malignant Stenosis Cryoablation System

   Our Malignant Stenosis Cryoablation System (惡性狹窄冷凍消融系統) is a self-developed cryoablation system indicated to ablate malignant airway tumor tissue and reduce the frequency of airway restenosis.

   The Malignant Stenosis Cryoablation System consists of a cryotherapy equipment and an airway cryoablation catheter. During the procedure, the Malignant Stenosis Cryoablation System ablates tumor cells in the lumen and luminal wall of the trachea with the ultra-low temperature generated by the cryoablation system, and then further destroys tumor cells through rewarming. The cryoablation balloon allows for more complete ablation of malignant tumors on a larger scale and delays restenosis time.

   We initiated the clinical trial for the Malignant Stenosis Cryoablation System in April 2021. We submitted the registration application for our Malignant Stenosis Cryoablation System to the NMPA in May 2024, and have received the NMPA approval for the Malignant Stenosis Cryoablation System in March 2025.

4. Benign Stenosis Cryoablation System

Our Benign Stenosis Cryoablation System (良性狹窄冷凍消融系統) is a self-developed cryoablation system based on liquid nitrogen for ablating benign airway stenosis lesion. This product candidate can perform cryoablation treatment and reduce the frequency of airway restenosis.

Our Benign Stenosis Cryoablation System entered into the confirmatory clinical trial phase in January 2024. We expect to submit the product registration submission to the NMPA in the first half of 2027 and to obtain approval from the NMPA in the second half of 2027.

5. Peri-Pulmonary Nodule Cryoablation System

Our Peri-Pulmonary Nodule Cryoablation System (肺周結節冷凍消融系統) is a self-developed cryoablation system for treating peri-pulmonary nodules. Our Peri-Pulmonary Nodule Cryoablation System consists of a cryotherapy equipment and an airway cryoablation catheter. During the procedure, the Peri-Pulmonary Nodule Cryoablation System delivers the cryoablation balloon to the target site through the bronchoscope, the ultra-low temperature from liquid nitrogen in the catheter leads to the rapid formation of ice spheres inside the tumor, which results in the formation of ice crystals inside and outside the tumor cells, thus destroying the tumor cells. The Peri-Pulmonary Nodule Cryoablation System adopts a flexible catheter and trans-airway access treatment modality, which can greatly reduce the chance of pneumothorax, hemoptysis and other complications.

Our Peri-Pulmonary Nodule Cryoablation System entered into the feasibility clinical trial phase in August 2023. We expect to submit the product registration submission to the NMPA in the second half of 2026, and to receive the NMPA approval for this product in the second half of 2027.

6. Cough Cryospray System

Our Cough Cryospray System (咳嗽冷凍噴霧治療系統) is a self-developed cryoablation system for treating chronic cough. It achieves therapeutic effect by ablating visible lesions in the airway.

Our Cough Cryospray System is currently in the feasibility clinical trial phase. We expect to submit the product registration submission to the NMPA in the first half of 2025 and to obtain approval from the NMPA in the second half of 2026.

7. Tuberculosis Cryospray System

Our Tuberculosis Cryospray System (結核冷凍噴霧治療系統) is a spray cryotherapy system developed by the Company for treating tracheobronchial tuberculosis. It achieves therapeutic effect by ablating visible lesions in the airway.

Our Tuberculosis Cryospray System is currently in the feasibility clinical trial phase. We expect to submit the product registration submission to the NMPA in the second half of 2025 and to obtain approval from the NMPA in the second half of 2026.

8. Cryoadhesion System

Our Cryoadhesion System (冷凍粘連治療系統) is a cryoadhesion device used for biopsy, stenosis recanalization and foreign body retrieval. It employs subcritical refrigeration technology (亞臨界製冷技術) and heat transfer with controlled pressure technology (控壓傳熱技術) for rapid freezing and adhesion.

This product candidate consists of a disposable cryoprobe (一次性使用冷凍探頭) and an accompanying cryotherapy equipment (冷凍治療設備). During the operation, the cryoprobe is connected to the cryotherapy equipment, and the distal end of the disposable cryoprobe is brought into contact with the target tissue or foreign body under endoscopic guidance for cryoadhesion to achieve tissue biopsy, stenosis recanalization and foreign body removal.

We received marketing approval for the Cryoadhesion System in January 2024, after securing NMPA approval for the accompanying cryotherapy equipment in December 2023 and the disposable cryoprobe in January 2024. We commercialized our Cryoadhesion System in China in September 2024.

Cancer Intervention

1. Bladder Cryoablation System

Our Bladder Cryoablation System (膀胱冷凍消融系統) is a self-developed cryoablation system for the treatment of bladder tumors. This product employs liquid nitrogen to perform efficient cryoballoon ablation on target tissue, and similar to Bacillus Calmette-Guerin perfusion or chemotherapy, this product is indicated for use in conjunction with transurethral resection of bladder tumor surgeries to reduce tumor residuals for patients suffering from non-muscle-invasive bladder cancer.

We initiated the clinical trial for the Bladder Cryoablation System in November 2017, and received the NMPA approval for the Bladder Cryoablation System in June 2022. We commercialized our Bladder Cryoablation System in China in December 2022.

2. Gastric Cryoablation System

Our Gastric Cryoablation System (胃部冷凍消融系統) is a self-developed cryoablation system indicated for performing cryoablation on gastric tumors to treat gastric cancer.

The Gastric Cryoablation System consists of a cryotherapy equipment (冷凍治療設備) and a cryotherapy catheter (冷凍治療導管). During the procedure, the cryoablation equipment provides a stable delivery of liquid nitrogen and the catheter can pass through an electronic gastroscope into the stomach. The distal end of the catheter is connected to a pre-folded balloon, which can expand after passing through the electronic gastroscope to contact the target gastric mucosa, creating an ultra-low temperature at the balloon through the stable delivery of liquid nitrogen within the balloon to destroy target cells. When reaching the set freezing time, the system stops freezing process, and starts rewarming cycle which further destroys the target cells.

Our Gastric Cryoablation System is currently in the feasibility clinical trial phase. We expect to submit the product registration submission to the NMPA in the second half of 2025 and to obtain approval from the NMPA in the second half of 2026.

3. Esophageal Cryospray System
Our Esophageal Cryospray System (食道冷凍噴霧治療系統) is used to perform endoscopic spray cryotherapy on patients with intermediate to advanced esophagus cancer to reduce the size of the tumor, alleviate the symptoms of dysphagia and improve their quality of life.

Patients with intermediate to advanced esophagus cancer may have trouble swallowing due to esophageal stricture as a result of tumor occupancy. Our Esophageal Cryospray System can spray liquid nitrogen directly on the surface of the tumor to destroy the tumor cells, thus reducing the volume of the tumor, alleviating the patient's dysphagia, and improving the quality of life.

Our Esophageal Cryospray System is currently in the feasibility clinical trial phase. We expect to submit the product registration submission to the NMPA in the second half of 2025 and to obtain approval from the NMPA in the first half of 2027.

Non-Cryotherapy Products and Product Candidates

1. Pulmonary Nodule Localization Needle

Our Pulmonary Nodule Localization Needle (肺結節定位針), also known as the Disposable Pulmonary Nodule Localization Needle, is a single-use localization needle indicated for CT-guided localization of lung nodules in patients with lung nodules prior to undergoing thoracoscopic surgery. Our Pulmonary Nodule Localization Needle adopts a combination of multi-hook localization and flexible wire, which greatly reduces the risk of dislocation after localization to ensure safe and effective resection of pulmonary nodules during surgery.

Our Pulmonary Nodule Localization Needle received the NMPA registration certificate in March 2019 and was subsequently commercialized in China in May 2019, and obtained CE Marking in January 2019. As at the date of this annual report, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approval for our Pulmonary Nodule Localization Needle.

2. Endoscopic Clip for Anastomosis

Our Endoscopic Clip for Anastomosis (內鏡吻合夾) is a self-developed anastomotic device for closure (閉合治療) of soft tissue in digestive tract. It is indicated for the closure treatment of bleeding, perforation, and tissue defects in digestive tract, and in particular, is suitable for treating perforation in gastrointestinal endoscopic surgery and endoscopic full-thickness closure (全層內鏡閉合) after NOTES. Its addressable patients primarily include the patients with acute gastrointestinal bleeding, ulcerative or medically induced perforations, or those undergoing endoscopic tissue removal procedures. This product offers various benefits, such as its large clamping scope and strong clamping force, and it is detachable to facilitate the clip removal and avoid secondary damage to the tissue. This product is one of the over-the-scope clips approved for commercialization in China.

We initiated the clinical trial for the Endoscopic Clip for Anastomosis in June 2020, and received the approval for this product in August 2022. We commercialized this product in October 2022. As at the date of this annual report, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approval for the Endoscopic Clip for Anastomosis.

3. ***Laparoscopic Single Port Multi-Channel Access Platform***

Our Laparoscopic Single Port Multi-Channel Access Platform (單孔多通道腹腔鏡手術入路系統), also known as the Disposable Multi-Channel Laparoscopic Access Platform, is a self-developed system used in laparoscopic surgery as a channel for the endoscope, instruments and hands during surgery. It is applicable for single incision laparoscopic surgery, NOTES, reduced-port laparoscopic surgery, or hand-assisted laparoscopic surgery.

Our Laparoscopic Single Port Multi-Channel Access Platform received the registration certificate in February 2017 and was subsequently commercialized in China in April 2017, and obtained CE Marking in January 2019. As at the date of this annual report, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approval for our Laparoscopic Single Port Multi-Channel Access Platform.

4. ***Atrial Fibrillation Pulsed Field Ablation System***

Our Atrial Fibrillation Pulsed Field Ablation System (房顫脈衝電場消融(PFA)系統) ("**AF PFA System**") is indicated for use in the interventional treatment of paroxysmal atrial fibrillation. It destroys myocardial tissue with high voltage electrical impulses to achieve electrical isolation of the pulmonary vein vestibule, resulting in the therapeutic effect.

Our Atrial Fibrillation Pulsed Field Ablation System is currently in the feasibility clinical trial phase and is expected to be approved by the NMPA in the first half of 2027.

5. ***Anti-Gastroesophageal Reflux System***

Our self-developed Anti-Gastroesophageal Reflux System (抗胃食管反流系統) is a surgical device indicated for treating gastroesophageal reflux disease ("**GERD**") in the magnetic sphincter augmentation procedure. The magnetic sphincter augmentation procedure is designed to treat GERD by increasing the tension of the lower esophageal sphincter to achieve anti-reflux effect.

We initiated the clinical trial for the Anti-Gastroesophageal Reflux System in August 2018. We submitted the registration application for our Anti-Gastroesophageal Reflux System to the NMPA in May 2024, and expected to obtain approval form NMPA in the first half of 2025.

6. ***Other Non-Cryotherapy Products***

Our non-cryoablation products also include our Wound Retractor (開創保護器), Ureteral Dilation Balloon Catheter (輸尿管擴張球囊導管), Laparoscopic Biopsy Bag (腹腔鏡用活檢袋) (also known as Endoscopic Biopsy Bag), and Laparoscopic Surgical Instrument (腹腔鏡手術器械). They are all single-use medical consumables. As at the date of this annual report, all such non-cryoablation products have been commercialized and there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals for these non-cryoablation products.

WE CANNOT GUARANTEE THE FUTURE PROSPECTS OF OUR CORE PRODUCTS AND WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR OTHER PRODUCT CANDIDATES.

Research and Development

We have established a dedicated product development team led by industry experts with extensive experience in the medical device industry or in the field of engineering research and development. As of December 31, 2024, our product development team consisted of an in-house research and development team of 70 employees and a clinical operation team of 24 employees (including certain management members undertaking product development functions). We have also developed relationships with industry leaders, including scientists, physicians and industry practitioners, giving us a thorough understanding of the clinical needs and demands of patients and physicians.

We have built a comprehensive intellectual property portfolio in China and overseas to protect our technologies, including our core liquid nitrogen cryoablation technology, flexible catheter technology and other key technologies. As of December 31, 2024, we owned 159 patents and 70 patent applications in China and overseas.

Production

In 2024, we manufactured, assembled and tested our products at our production facilities located in two regions, Ningbo, Zhejiang Province and Shanghai, with a total gross floor area of over 17,400 square meters. We produce commercial products, mainly including our Core Products (as defined under the Listing Rules) as well as other commercialized products, including our Pulmonary Nodule Localization Needle, Laparoscopic Single Port Multi-Channel Access Platform, and also produce, assemble and test sample products related to NOTES at our production facilities in Ningbo. We produce, assemble and test sample products related to vascular intervention for product development at our facility in Shanghai.

Future and Outlook

Our mission is to become a global medical device platform in the field of minimally-invasive interventional cryotherapy, bringing benefits to patients and physicians worldwide with our cryotherapy technology. We plan to implement the following strategies to achieve our goal:

- Rapidly advance the clinical development and commercialization of our product candidates;
- Further expand our product portfolio leveraging technology platforms and continue to focus on minimally-invasive interventional cryotherapy;
- Continue to research and develop various underlying and supporting technologies; and
- Selectively expand our worldwide footprint.

II. FINANCIAL REVIEW

Revenue

Our revenue increased by RMB12.5 million, or 30.7%, from RMB41.0 million for the year ended December 31, 2023 to RMB53.5 million for the year ended December 31, 2024, mainly driven by the increase in the sales volume of our AF Cryoablation System, our Cryoadhesion System and other respiratory intervention products distributed by the Group serving as the exclusive distributor of BSC International Medical Trading (Shanghai) Co., Ltd. for such products in mainland China.

Cost of Sales

Our cost of sales increased from RMB9.9 million for the year ended December 31, 2023 to RMB15.1 million for the year ended December 31, 2024, which was generally in line with the increase in the sales of our commercialized products in 2024.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased from RMB31.1 million for the year ended December 31, 2023 to RMB38.4 million for the year ended December 31, 2024. Our overall gross profit margin decreased from 75.8% for the year ended December 31, 2023 to 71.8% for the year ended December 31, 2024, primarily due to the increase in revenue from other respiratory intervention products distributed by the Group serving as the exclusive distributor of BSC International Medical Trading (Shanghai) Co., Ltd. for such products in mainland China, which had relatively low gross profit margins.

Other Income and Gains

Our other income and gains increased from RMB15.0 million for the year ended December 31, 2023 to RMB20.7 million for the year ended December 31, 2024, mainly due to the increase in large amount of government subsidies received in 2024.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) staff costs for our research and development personnel; (ii) cost of materials and consumables used; (iii) share-based payments; and (iv) clinical trial fees, including payment to hospitals, contract research organizations, site management organizations, and other service providers in connection with our research and development activities. The following table sets forth a breakdown of our research and development expenses for the years indicated:

	Year Ended December 31,			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Staff costs	**37,836**	**51.5**	43,661	57.4
Cost of materials and consumables used	**16,944**	**23.1**	13,943	18.3
Share-based payments	**2,528**	**3.4**	4,038	5.3
Clinical trial fees	**9,808**	**13.4**	9,475	12.4
Depreciation and amortization	**959**	**1.3**	649	0.9
Others[(1)]	**5,380**	**7.3**	4,363	5.7
Total	**73,455**	**100**	76,129	100

Note:

(1) Primarily include intellectual property and CE certification expenses, business travel and transportation expenses incurred by our research and development staffs, animal experiment expenses and product design expenses.

Our research and development expenses decreased by RMB2.6 million, or 3.5%, from RMB76.1 million for the year ended December 31, 2023 to RMB73.5 million for the year ended December 31, 2024, primarily due to the decrease in staff costs as a result of the decrease in number of our research and development personnel which was partially offset by an increase in cost of materials and consumables used in ongoing research and development projects.

Administrative Expenses

Our administrative expenses increased by RMB12.2 million, or 17.6%, from RMB69.0 million for the year ended December 31, 2023 to RMB81.2 million for the year ended December 31, 2024, primarily attributed to an increase of impairment of long-term assets.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB8.4 million, or 148.2%, from RMB5.7 million for the year ended December 31, 2023 to RMB14.1 million for the year ended December 31, 2024, primarily due to the increased sales promotion activities and personnel with the commercialization of new products.

Other Expenses

Our other expenses remained relatively stable at RMB0.3 million for the year ended December 31, 2023 and RMB0.5 million for the year ended December 31, 2024.

Finance Costs

Our finance costs increased by RMB0.4 million or 67.3% from RMB0.7 million for the year ended December 31, 2023 to RMB1.1 million for the year ended December 31, 2024, primary due to the increase in bank borrowing.

Income Tax Expenses

Our principal applicable taxes and tax rates are set forth as follows:

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC (the "**CIT Law**"), the Company and our PRC subsidiaries are subject to a standard corporate income tax rate of 25% on taxable income, except that Ningbo SensCure was qualified as a "High and New Technology Enterprise" to enjoy a preferential income tax rate of 15% during the Reporting Period. The related tax authorities review the "High and New Technology Enterprise" status every three years. Ningbo SensCure has been qualified and will continue to qualify as a "High and New Technology Enterprise" for three years starting from 2024.

United States

Among our subsidiaries, Cryofocus America, Inc. was incorporated in California, the U.S. and was subject to statutory U.S. federal corporate income tax at a rate of 21% during the Reporting Period. It is also subject to the state income tax in California during the Reporting Period. No provision for federal corporate income tax and the state income tax have been provided as the subsidiary has no estimated assessable profits.

Our Directors confirm that during the Reporting Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions and we are not aware of any outstanding or potential disputes with such tax authorities.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB105.8 million for the year ended December 31, 2023 to RMB111.3 million for the year ended December 31, 2024.

Liquidity and Financial Resources

Our primary use of cash is to fund the development of our product candidates, clinical trials, payment for the purchase of plant and equipment, administrative expenses and other recurring expenses. Our cash and cash equivalents decreased by RMB57.9 million, or 56.0%, from RMB103.4 million as of December 31, 2023 to RMB45.5 million as of December 31, 2024. The decrease was mainly due to:

For the year ended December 31, 2024, our net cash used in operating activities was RMB82.9 million, primarily attributable to the significant research and development expenses and administrative expenses incurred by the Group during the Reporting Period. Our operating cash flow will continue to be affected by our research and development expenses.

For the year ended December 31, 2024, our net cash used in investing activities was RMB1.9 million, primarily attributable to the purchase of property, plant and equipment items of RMB1.9 million.

For the year ended December 31, 2024, our net cash from financing activities was RMB25.5 million, primarily attributable to the bank borrowings during the Reporting Period.

During the Reporting Period, we mainly relied on capital contribution from Shareholders and equity financing as the main source of liquidity. Our management closely monitors the utilization of cash and cash balances and strives to maintain healthy liquidity for our business. Going forward, we believe that our liquidity requirements will be satisfied with cash generated from our operations and other financing activities.

Capital Expenditures

We regularly incur capital expenditures to expand and enhance our research and development facilities, establish our manufacturing capacities and increase our operating efficiency. Our capital expenditures primarily consisted of expenditures on machinery, office equipment, as well as leasehold improvements during the Reporting Period. The following table sets forth our capital expenditures for the years indicated:

	Year Ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Purchases of items of property, plant and equipment	**1,880**	15,103

We expect to incur capital expenditures in the next five years primarily for purchase of equipment and the construction of our manufacturing facilities. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

Indebtedness

The following table sets forth the components of our indebtedness as of the years indicated:

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Lease liabilities		
Current	**5,604**	3,247
Non-current	**7,720**	7,764
Total	**13,324**	11,011

As of December 31, 2024, the Group had total bank loans of RMB30.0 million denominated in RMB at fixed annual interest rate. The annual interest rate of RMB20.0 million is 3.45%, and the rest amount is 3.5%. The Company had no unutilized banking facilities during the Reporting Period and up to the date of this annual report.

Key Financial Ratios

The following table sets forth the key financial ratios as at the dates indicated:

	As of December 31,	
	2024	2023
Current ratio[1]	**1.6**	4.9
Quick ratio[2]	**1.1**	4.1
Gearing ratio[3]	**47.1%**	18.5%

Notes:

(1) Current ratio is calculated based on total current assets divided by total current liabilities.

(2) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

(3) Gearing ratio is calculated based on total liabilities divided by total assets and multiplied by 100%.

Capital Commitments

The Group had the following capital commitments as at the dates indicated:

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Plant and machinery	**545**	177

Pledge of Assets

As of December 31, 2024, there was no charge on assets of the Group.

Contingent Liabilities

As of December 31, 2024, the Group did not have any material contingent liabilities, guarantees or any litigation or claims of material importance, pending or threatened against any of its member.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures during the Reporting Period

The Group did not make any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Foreign Exchange Exposure

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

Future Plans for Material Investments or Capital Assets

Save as disclosed in this annual report, the Group had not authorized any plan for any material investments or acquisitions of capital asset as of the date of this annual report.

Human Resources

As of December 31, 2024, the Group had 276 (2023: 392) full-time employees, and substantially all of them were based in China. The total employee benefits expenses of the Group, which consist of (i) terms, wages, salaries and bonuses, (ii) social security costs and (iii) equity-settled share options, for the year ended December 31, 2024 were approximately RMB100.7 million. We recruit our employees after consideration of a number of factors, including our needs and expansion plans, and the candidates' work experience and educational background. We invest in continuing training programs for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. We also assess our employees based on their performance to determine their salary, promotion and career development. In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters including terms, wages, bonuses, employee benefits, and grounds for termination. In addition, we are required under PRC law to make contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurances) and housing funds at a certain percentage of our employees' salaries, including bonus and allowances, up to a maximum amount specified by the local government.

III. FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the Reporting Period (2023: Nil).

Directors, Supervisors and Senior Management

DIRECTORS

Executive Directors

Mr. LI Kejian (李克儉), aged 56, joined our Group in March 2013 and has served as the chairperson of our Board and a Director since then. He was re-designated as an executive Director on December 28, 2021. He is responsible for overall management, business, and strategy of our Group and oversight of the commercial suitability and sustainability of our Group.

Mr. Li has more than 13 years of experience in the investment and medical device industries. From September 1990 to December 2006, Mr. Li was a technician at Hanchuan Machine Tool Co., Ltd. (漢川機床有限責任公司), a company principally engaged in the R&D and manufacturing of machine tools, machine tool components, and high-tech electromechanical products. Since November 2010, he has been a director of Beijing Boruilai Technology Investment Co., Ltd (北京博瑞萊科技投資有限公司), a company principally engaged in project investment with a focus on power and electrical equipment, energy and environmental protection sectors, where he has participated in investment decisions. Since May 2014, he has served as the deputy general manager of Shanghai Shidi, one of our Controlling Shareholders, where he has been primarily responsible for the company's administration and human resources management, as well as participating in the company's investment decisions.

Mr. Li graduated in electrical engineering from State-Operated Hanchuan Machine Tool and Technician School (國營漢川機床廠技工學校) in Hanzhong in September 1990.

Mr. Li is the brother of Ms. Li, one of our Controlling Shareholders.

Mr. ZHU Jun (朱軍), aged 51, joined our Group in May 2019 as a director and the chief executive officer of Ningbo SensCure and has served as the general manager of our Company since October 2020. He was appointed as a Director in January 2021 and was re-designated as an executive Director on December 28, 2021. He is primarily responsible for the daily operations of our Group. He is currently a director of our subsidiaries, Ningbo SensCure, Beijifeng Biotechnology (Shanghai) Co., Ltd. (北極灃生物科技(上海)有限公司) ("**Beijifeng Biotechnology**"), Huifeng Biotechnology (Shanghai) Co., Ltd. (輝灃生物科技(上海)有限公司) ("**Huifeng Biotechnology**") and Jadefeng Medtech (Shanghai) Co., Ltd. (迦德灃生物科技(上海)有限公司) ("**Jadefeng Medtech**").

Mr. Zhu has more than 21 years of experience in the medical industry. From July 1997 to August 2001, he was a resident doctor at Affiliated Hospital of Nantong University (南通大學附屬醫院), primarily responsible for clinical diagnoses and treatments. From July 2004 to June 2017, he was a deputy general manager at Erbe China Ltd. (愛爾博(上海)醫療器械有限公司), a company principally engaged in promotion and sale of medical devices, where he was primarily responsible for nationwide marketing and sales, scientific research, and trainings. From February 2018 to September 2020, Mr. Zhu was an investment partner at Hangzhou Proxima Innovative Investment L.P. (Limited Partnership) (杭州比鄰星創新投資合夥企業(有限合夥)), a company principally engaged in investment in medical fields, where he was involved in research and analyses of medical devices.

Mr. Zhu graduated in clinical medicine from Nanjing Medical University (南京醫科大學) in Nanjing in July 1997. He further obtained his master's degree in clinical medicine from the Shanghai Medical College of Fudan University (復旦大學上海醫學院) in Shanghai in June 2004.

Mr. LIU Wei (劉偉), aged 35, has joined the Group as the chief financial officer of the Company and the Board secretary since October 2020. He is primarily responsible for financial planning of the Group, investor relations and providing support to the Board. Mr. Liu is also currently a director of the Company's subsidiaries, Beijifeng Biotechnology, Huifeng Biotechnology and Jadefeng Medtech, and a joint company secretary of the Company. Mr. Liu appointed as an executive Director on June 16, 2023.

Mr. Liu has approximately 10 years of experience in audit. Prior to joining the Group, from October 2012 to September 2020, he worked as an audit project manager at the Shanghai branch of Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)), where he was primarily responsible for financial audit of listed companies and multinational corporations.

Mr. Liu obtained his bachelor's degree in international accounting from Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院) (previously known as Shanghai Lixin University of Commerce (上海立信會計學院)) in Shanghai in July 2012. He is currently a non-practicing member of the Chinese Institute of Certificated Public Accountants (中國註冊會計師協會).

Non-executive Directors

Mr. LV Shiwen (呂世文), aged 56, has joined our Group since July 2014 as a Director and was re-designated as a non-executive Director on December 28, 2021. He is responsible for decision-making in respect of major matters such as overall strategies. He is also currently a director of Ningbo SensCure.

Mr. Lv has more than 22 years of experience in the medical device industry, especially in the R&D and production of medical devices. From July 1993 to April 1998, Mr. Lv was the deputy director of the research department and the management department of Shanghai Navigation Instrument General Factory (上海航海儀器總廠), a company specializing in marine, communication and navigation equipment, where he was primarily responsible for the R&D of navigation instrument technologies and quality management of the production department. From May 1998 to February 2000, he was a quality manager at Shanghai CIMC Generating Set Co., Ltd. (上海中集內燃機發電設備有限公司), a company principally engaged in the production of special internal combustion power generation equipment and diesel water pump units, where he was primarily responsible for quality management of the production department. From May 2000 to November 2001, Mr. Lv served as a manager of the quality control department and production department of MicroPort Medical (Shanghai) Co., Ltd. (微創醫療器械(上海)有限公司), a company principally engaged in the R&D, manufacturing and sales of cardiovascular interventional medical devices and a wholly-owned subsidiary of MicroPort Scientific Corporation (a company listed on the Stock Exchange; stock code: 853). From December 2001 to December 2002, he was the director of operations at Weike Medical Devices (Suzhou) Co., Ltd. (維科醫療器械(蘇州)有限公司), a company principally engaged in the R&D, manufacturing and sales of cardiovascular interventional medical devices, where he was primarily responsible for the R&D, quality control, and production management. Mr. Lv then served as the vice general manager of LifeTech Scientific (Shenzhen) Co., Ltd. (先健科技(深圳)有限公司), a company principally engaged in the R&D, manufacturing and sales of cardiovascular interventional medical devices and a wholly-owned subsidiary of LifeTech Scientific Corporation (a company listed on the Stock Exchange; stock code: 1302) from January 2003 to February 2009. From March 2009 to December 2011, Mr. Lv served as the general manager of Beijing Puhui Biomedical Engineering Co., Ltd. (北京市普惠生物醫學工程有限公司), a company principally engaged in the development, manufacturing and sales of biological valves.

* *For identification purpose only*

Besides, Mr. Lv also holds directorships and senior management positions in certain close associates of our Controlling Shareholders (other than our Group). Since January 2013, Mr. Lv has successively served as the chief technology officer, a director and the chief executive officer of Jenscare Scientific Co., Ltd. (寧波健世科技股份有限公司) ("**Jenscare**"), a company principally engaged in the development of interventional products for the treatment of structural heart diseases. He is currently an executive director, the chairman of the board of directors, the chief executive officer and the chief technology officer of Jenscare, primarily responsible for the overall management of business operation, strategy and corporate development of the company and its subsidiaries. Since October 2014, he has also been an executive director of Ningbo Dixiang Venture Capital Co., Ltd. (寧波迪翔創業投資有限公司) (formerly known as Ningbo Dixiang Medical Technology Co., Ltd. (寧波迪翔醫療科技有限公司)) an investment holding company with a focus on the life sciences and healthcare industries. Further, since July 2018, he has been a non-executive director of Ningbo Hicren Biotechnology Co., Ltd. (寧波華科潤生物科技有限公司), a company principally engaged in the R&D, manufacturing and sales of medical devices used for vertebroplasty.

Mr. Lv obtained his bachelor's degree in machinery manufacturing and equipment from Harbin Engineering University (哈爾濱工程大學) (formerly known as Harbin Shipbuilding Engineering Institute (哈爾濱船舶工程學院) in Harbin in July 1993. Mr. Lv is currently a member of Zhejiang Pharmaceutical Society Medical Device Expert Committee (浙江省藥學會醫療器械專家委員會) and a mentor of the Center for China Cardiovascular Innovations (中國心血管醫生創新學院).

Mr. ZHAO Chunsheng (趙春生**)**, aged 53, has joined our Group since June 2021 as a Director and was re-designated as a non-executive Director on December 28, 2021. He is primarily responsible for decision-making in respect of major matters such as overall strategies.

Mr. Zhao has more than 24 years of experience in the medical device industry. From April 1999 to July 2020, he was the deputy general manager and general manager at Shanghai Medical Instrument (Group) Co., Ltd. (上海醫療器械(集團)有限公司), a company specializing in X-ray, surgical instruments, disinfection equipment and sanitary materials, where he was primarily responsible for formulation of strategies and operational management of the company. From June 2009 to June 2012, Mr. Zhao served as a director of Beijing Wandong Medical Technology Co., Ltd. (北京萬東醫療科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600055) and principally engaged in the R&D and manufacturing of imaging medical devices, where he was primarily responsible for formulating strategies for the company.

Besides, Mr. Zhao also holds directorships and senior management positions in Ningbo Linfeng, one of our Controlling Shareholders, and certain close associates of our Controlling Shareholders (other than our Group). Mr. Zhao has been an executive director of Ningbo Naruinode Medical Technology Co., Ltd. (寧波納睿諾德醫療科技有限公司) (a company principally engaged in the R&D, manufacturing and sales of radiation imaging devices such as static computerized tomography (CT)) since December 2020, Dalian Qikexing Medical Instrument Co., Ltd. (大連七顆星醫療器械有限公司) (a company principally engaged in the R&D, manufacturing and sales of medical devices used in neurosurgical procedures) since March 2021, Ningbo Huifeng Biotechnology Co., Ltd. (寧波慧灃生物科技有限公司) (a company principally engaged in the R&D, manufacturing and sales of medical devices used in neurosurgical procedures) since June 2021 and Shanghai Pannuoxi Medical Technology Co., Ltd. (上海潘諾西醫療科技有限公司) (a company principally engaged in the R&D, manufacturing and sales of medical modeling products and personalized implant materials) since November 2021. Since October 2021, he has been the general manager of Ningbo Linfeng, where he has been primarily responsible for operational management. Since January 2022, he has been a non-executive director and the board chairman of Ningbo Dize Biotechnology Co., Ltd. (寧波迪澤生物科技有限公司) a company principally engaged in the R&D, manufacturing and sales of passive medical devices used in treating arteriosclerosis associated with coronary heart diseases.

Mr. Zhao obtained his master's degree in vehicle engineering and inspection from Jilin University of Technology (吉林工業大學) in Jilin in March 1999. He also obtained his master's degree in business management from Shanghai Jiao Tong University (上海交通大學) in Shanghai in March 2003. Mr. Zhao has also been certified as an engineer by Shanghai Pharmaceutical Group Co., Ltd. (上海醫藥(集團)有限公司) since December 2002.

Independent Non-executive Directors

Dr. GAO Dayong (高大勇), aged 66, was appointed as our independent non-executive Director on December 2, 2021 with his appointment taking effect upon Listing. He is responsible for providing independent advice and judgment to our Board.

Dr. Gao has more than 25 years of experience in teaching and scientific research. He was a senior research scientist at Cryobiology Research Institute of the Methodist Hospital of Indiana, primarily responsible for participating in and leading scientific research, as well as development of new technologies and applications. Dr. Gao was a tenured full professor from January 1998 to June 2004 and has been the Baxter Healthcare Chair of Engineering since July 2004 at the Department of Mechanical Engineering and Center for Biomedical Engineering at the University of Kentucky, primarily responsible for teaching, scientific research, and technology transformation. He has also been the tenured full professor of the Department of Mechanical Engineering and Department of Bioengineering since September 2004 and the ORIGINCELL Endowed Professor since July 2019 at the University of Washington, primarily responsible for teaching, scientific research and technology transformation.

Dr. Gao obtained his bachelor's degree in modern mechanics from the University of Science and Technology of China (中國科學技術大學) in Hefei in February 1982. He further obtained his doctor's degree in mechanical engineering and biomedical engineering from Concordia University in Montreal in May 1991.

Mr. LIANG Hsien Tse Joseph (梁顯治), aged 70, was appointed as our independent non-executive Director on December 2, 2021 with his appointment taking effect upon Listing. He is responsible for providing independent advice and judgment to our Board.

Mr. Liang has more than 16 years of experience in teaching and financial management. From August 2001 to August 2003, he was the financial controller of Skyworth Digital Holdings Ltd (創維數碼控股有限公司), a company listed on the Stock Exchange (stock code: 751) principally engaged in the manufacturing and sale of TV sets, DVDs and related products. Since February 2009, he has been an associate professor at Beijing Normal University-Hong Kong Baptist University United International College (北京師範大學－香港浸會大學聯合國際學院). From October 2009 to September 2011, he was the managing director of financial planning and development at Beijing Normal University-Hong Kong Baptist University United International College (北京師範大學－香港浸會大學聯合國際學院). From October 2011 to November 2013, he worked at Total Wireless Solutions (Macao Commercial Offshore) Limited (明美製品(澳門離岸商業服務)有限公司), where he was responsible for financial matters of the company, and he served as an executive vice president of the finance department from October 2011 to July 2013.

Besides, since October 2011, Mr. Liang has been an independent non-executive director of LifeTech Scientific Corporation (先健科技公司), a company listed on the Stock Exchange (stock code: 1302) and principally engaged in the manufacturing and marketing of minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. Since February 2013, he has been an independent non-executive director of North Asia Strategic Holdings Ltd (北亞策略控股有限公司), a company listed on the Stock Exchange (stock code: 8080) and principally engaged in investments in high-tech product related businesses.

Mr. Liang obtained a diploma in business management licensing from Hong Kong Baptist College (香港浸會學院) in Hong Kong in December 1977. He obtained his master's degree in professional accounting from the University of Texas at Austin (美國德克薩斯大學奧斯丁學院) in Austin in June 1981. He further obtained his bachelor's degree in language and translation through long distance learning courses from The Open University of Hong Kong (香港公開大學) in Hong Kong in December 2007. Mr. Liang is currently a fellow of the Association of Chartered Certified Accountants (ACCA) (特許公認會計師公會) (formerly known as the Chartered Association of Certified Accountants), an associate of the Hong Kong Institute of Certified Public Accountants (香港會計師公會) (formerly known as the Hong Kong Society of Accountants), and a fellow member of the Texas Society of Certified Public Accountants.

Dr. QIN Zheng (覃正**)**, aged 67, was appointed as our independent non-executive Director on December 2, 2021 with his appointment taking effect upon Listing. He is responsible for providing independent advice and judgment to our Board.

Dr. Qin has years of experience in teaching and academic research in areas including enterprise management and risk management. Dr. Qin was a doctoral adviser and professor at the School of Management of Xi'an Jiaotong University (西安交通大學) in Shaanxi. He was also a doctoral adviser and professor at the School of Information Management and Engineering of the Shanghai University of Finance and Economics (上海財經大學). He is also the founding vice principal of and currently a doctoral adviser and professor of the Southern University of Science and Technology (南方科技大學). Further, Dr. Qin has also taken up various research projects and published various journals covering areas such as enterprise management and risk management.

Dr. Qin was an independent non-executive director of the Shanghai Dongzheng Automotive Finance Co., Ltd. (上海東正汽車金融股份有限公司), a company listed on the Stock Exchange (stock code: 2718) and principally engaged in the automotive loan business from August 2022 to April 2024.

Dr. Qin obtained his master's degree in engineering from Xidian University (西安電子科技大學) in Shaanxi in March 1991. He further obtained his doctor's degree in mechanical manufacturing from Xidian University (西安電子科技大學) in July 1994.

Dr. HU Henan (胡赫男**)**, aged 37, was appointed as our independent non-executive Director on November 5, 2022 with her appointment taking effect upon Listing. She is responsible for providing independent advice and judgment to our Board.

Dr. Hu has more than seven years of experience in law and teaching. From December 2014 to November 2023, she was a supervisor of Guangzhou Yunsu Technology Co., Ltd. (廣州雲溯科技有限公司), a company principally engaged in provision of software and information technology services. From August 2016 to January 2017, she was an assistant professor at Xiamen University (廈門大學), where she was primarily responsible for teaching and research. Since July 2017, Dr. Hu has been a lecturer at South China University of Technology (華南理工大學), where she has been primarily responsible for teaching and research. Since November 2018, she has been a supervisor of Guangzhou Cloud Stack Technology Co., Ltd. (廣州雲棧科技有限公司), a company principally engaged in provision of software and information technology services.

Dr. Hu obtained her bachelor's degree in law from the China University of Political Science and Law (中國政法大學) in Beijing in July 2009. She further obtained her master's degree in law from the University of Hong Kong (香港大學) in Hong Kong in November 2010 and her doctor's degree in law from the University of Hong Kong (香港大學) in Hong Kong in December 2016. She also obtained her legal profession qualification (法律職業資格) from the Ministry of Justice of the PRC (中華人民共和國司法部) in March 2010.

SUPERVISORS

Ms. LI Jiawei (李佳蔚) (former name: LI Junwei (李駿偉)), aged 34, has joined the Group as the deputy manager of the finance department of the Company since June 2021. She is primarily responsible for financial matters of the Company. She has been our employees' representative Supervisor since May 31, 2023.

Ms. Li has more than 12 years of experience in finance. Prior to joining the Group, from July 2012 to February 2013, she worked as a cashier at the finance department at Shanghai Sanitary Materials Factory Co., Ltd. (上海衛生材料廠有限公司), a medical device company, where she was primarily responsible for the company's fund management. From March 2013 to June 2020, she worked as a manager of the finance department at Shanghai Medical Instruments (Group) Co., Ltd. (上海醫療器械(集團)有限公司), a medical device company, where she was primarily responsible for devising the company's budgets, preparing consolidated financial statements, and performing financial analyses and daily accounting functions. From July 2020 to June 2021, she was a deputy manager of the finance department at Shanghai Medical Instrument (Group) Co., Ltd. Surgical Instrument Factory (上海醫療器械(集團)有限公司手術器械廠), a medical device company, where she was primarily responsible for devising the company's budgets, preparing consolidated financial statements, and performing financial analyses and daily accounting functions.

Ms. Li obtained her bachelor's degree in management from Shanghai University of Finance and Economics (上海財經大學) in Shanghai in January 2016. She obtained an intermediate accounting professional qualification from the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) and the Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) in September 2018.

Mr. ZHU Haorong (朱浩榮), aged 44, joined our Group in June 2020 and has been our shareholders' representative Supervisor since then.

Mr. Zhu has approximately 21 years of experience in research, project management and business management. From August 2002 to June 2010, Mr. Zhu was an engineer at the East-China Research Institute of Computer Technology (中國電子科技集團公司第三十二研究所). From July 2010 to September 2012, he was a project manager at Shanghai Hugang Jinmao Accounting Co., Ltd. (上海滬港金茂會計師事務所有限公司), a company principally engaged in construction engineering consultancy services, accounting, auditing and asset evaluation. From August 2012 to August 2013, he was a project manager at Tianjin Qiaobo Investment Consulting Management Co., Ltd. (天津喬博投資諮詢管理有限公司), a company principally engaged in project investment consultancy services and business management and planning. Since August 2013, he has been the general manager at Suzhou Qiaojing Investment Management Consulting Co., Ltd. (蘇州喬景投資管理諮詢有限公司), a company principally engaged in investment management and consultancy services. Since June 2013, he has been a director and the general manager at Suzhou Qiaojing Oriental Investment Management Consulting Co., Ltd. (蘇州喬景東方投資管理諮詢有限公司), a company principally engaged in investment management and consultancy services. Since December 2014, he has been the chairman of the board of directors at Nantong Qiaojie Investment Management Co., Ltd. (南通喬杰投資管理有限公司), a company principally engaged in investment management and consultancy services. Since June 2016, he has been the chairman of the board of directors at Nantong Tianzhu Qiaojing Investment Management Co., Ltd. (南通天助喬景投資管理有限公司), a company principally engaged in investment management and consultancy services.

Mr. Zhu obtained his bachelor's degree in computer networks from Fudan University (復旦大學) in Shanghai in July 2006. He also obtained his master's degree in software and domain engineering from Shanghai Jiao Tong University (上海交通大學) in Shanghai in June 2010. He is currently a non-practicing member of the Chinese Institute of Certificated Public Accountants (中國註冊會計師協會).

* *For identification purpose only*

Mr. QIU Junkang (邱軍康), aged 46, joined our Group in April 2013 and has been a driver and an administrative assistant of our Company, primarily responsible for administrative matters of our Company and carrying out various responsibilities delegated by the management department. He has been our employees' representative Supervisor since November 2018.

SENIOR MANAGEMENT

Mr. ZHU Jun (朱軍), aged 51, is our executive Director and general manager. For further details, please see the paragraphs headed "Directors, Supervisors and Senior Management – Directors – Executive Directors" in this section.

Mr. LIU Wei (劉偉), aged 35, is our executive Director, chief financial officer, Board secretary and joint company secretary. For further details, please see the paragraphs headed "Directors, Supervisors and Senior Management – Directors – Executive Directors" in this section.

Mr. Thach Buu DUONG, aged 57, joined our Group in March 2013. Between March 2013 and September 2020, he successively served as a director of R&D and a general manager of our Company. He is currently the deputy general manager of our Company and is primarily responsible for overseeing the operations of Cryofocus America Inc., our wholly-owned subsidiary. He is also currently a director of Cryofocus America Inc..

Mr. Duong has more than 25 years of experience in engineering. Prior to joining our Group, from December 1992 to August 1996, he successively served as a design engineer and a project engineer at Able Corporation. From August 1996 to June 1998, he was a design engineer at Parker Hannifin Corporation (formerly known as Parker Appliance Company), a company listed on the New York Stock Exchange (stock symbol: PH) and principally engaged in the design and manufacturing of flight control systems. From July 1998 to December 2000, he was a project engineer at Robertshaw Controls Company, a company principally engaged in the design and manufacturing of controls for commercial and home appliances. From December 2000 to July 2001, he was a senior mechanical engineer at Newport Corporation, a company principally engaged in the design and manufacturing of fiber optic laser welders and a wholly-owned subsidiary of MKS Instruments, Inc., which is listed on the NASDAQ Stock Exchange (stock symbol: MKSI). From September 2001 to February 2010, he was a manager at the mechanical engineering department at Endocare Inc., a company specializing in cryoablation for tumors. From July 2010 to February 2012, he was a mechanical engineering department manager at Nearfield Systems Inc., a company principally engaged in the design and manufacturing of antenna measurement systems and software.

Mr. Duong obtained his bachelor of science in mechanical engineering from California State University of Long Beach in California in December 1992. He has also obtained his professional engineer license in mechanical engineering from the State Board of Registration for Professional Engineers and Land Surveyors in the State of California since February 1997.

Dr. ZHAO Kuiwen (趙奎文), aged 41, joined our Group in September 2017 as an R&D engineering supervisor, and has served as a technical director and R&D manager of our Company since March 2019. He is primarily responsible for the R&D activities of our Group.

Prior to joining our Group, from September 2015 to September 2017, Dr. Zhao worked as a post-doctoral research fellow at Shanghai Jiao Tong University (上海交通大學), primarily responsible for carrying out post-doctoral research.

Dr. Zhao obtained his bachelor's degree in thermal energy and kinetic engineering from Shandong University of Science and Technology (山東科技大學) in Shandong in June 2006 and his master's degree in refrigeration and cryogenic engineering from the University of Shanghai for Science and Technology (上海理工大學) in Shanghai in March 2009. He further obtained his doctor's degree in engineering thermophysics from Shanghai Jiao Tong University (上海交通大學) in Shanghai in September 2015. Dr. Zhao has been a member of the Interventional Medicine Engineering Professional Committee (介入醫學工程專業委員會委員) of the Shanghai Society of Biomedical Engineering (上海市生物醫學工程學會) since September 2020.

Dr. QU Jihong (瞿紀洪**)**, aged 61, has joined our Group as our chief medical officer since March 2022. He is primarily responsible for formulating strategies in respect of matters including product application, technology deployment, entry into overseas markets and introduction of international innovative products.

Dr. Qu has years of experience in research in areas including cardiac electrophysiology and heart diseases and the medical device industry. Prior to joining our Group, he was a research assistant at the Department of Physiology and Biophysics of the University of Sherbrooke, primarily responsible for participating in cardiac electrophysiology research projects and assisting in the management of preclinical research laboratories, and a postdoctoral scientist at Columbia University, primarily responsible for leading and conducting research projects relating to treatment of heart diseases through emerging biotechnologies, including stem cell and gene therapy technologies. Dr. Qu further worked at Guidant Corporation, a company principally engaged in the design, development, manufacturing, and sales of medical devices for treatment of vascular diseases, where he was primarily responsible for research projects on the application of biotechnology to medical devices and innovative therapies with the use of biotechnology. From December 2014 to November 2017, Dr. Qu was the director of clinical affairs at Abbott Medical (Shanghai) Co., Ltd. (formerly known as St. Jude Medical (Shanghai) Co., Ltd.), a company principally engaged in the design, development, manufacturing, and sales of medical devices for treatment of heart diseases, where he was primarily responsible for formulation of strategies on and execution of clinical affairs in Asia. From December 2017 to March 2019, he was a vice president of clinical and regulatory registration affairs at Peijia Medical Limited (沛嘉醫療有限公司), a company listed on the Stock Exchange (stock code: 9996) and principally engaged in the research and development of transcatheter valve therapeutic and neurointerventional medical devices, where he was primarily responsible for regulatory registration affairs. From April 2019 to June 2020, he was a vice president of medical, clinical and regulatory affairs at Boston Scientific Corporation, a company listed on the New York Stock Exchange (stock symbol: BSX) and principally engaged in the manufacturing and sales of medical devices used in interventional medical specialties, where he was involved in medical, clinical and regulatory affairs. From October 2020 to February 2022, he was the chief medical officer at Genesis Medtech Group (健適醫療科技集團), a company principally engaged in the R&D, manufacturing and sales of surgical and vascular interventional medical devices, where he was primarily responsible for formulating strategies on medical applications and technology deployment.

Dr. Qu obtained his bachelor's degree in biomedical engineering from Shanghai Jiao Tong University in Shanghai (上海交通大學) in July 1986 and his master's degree in biomedical engineering from the Shanghai Medical College of Fudan University (復旦大學上海醫學院) (formerly known as Shanghai Medical University (上海醫科大學)) in Shanghai in July 1989. He obtained his doctor's degree in science from University of Sherbrooke in Quebec in December 1996. Further, Dr. Qu obtained his master's degree in business administration from the Carlson School of Management of the University of Minnesota in Minneapolis in July 2008.

Mr. CHEN Zhimin (陳智敏**)**, aged 41, joined our Group in May 2014. Since May 2014, he has successively held various positions in our Group, including an R&D engineer, R&D manager, R&D supervisor and R&D director, and is currently an executive vice president of Ningbo SensCure, our wholly-owned subsidiary. He is also currently a director and the general manager of our subsidiaries, Shanghai SensCure Biotechnology Co., Ltd. (上海勝杰康生物科技有限公司) and Ningbo Shengjielong Medical Equipment Co., Ltd. (寧波勝杰隆醫療器材有限公司). He is primarily responsible for the daily operations and overall management of the aforementioned subsidiaries.

Mr. Chen has more than 14 years of experience in engineering. Prior to joining our Group, from July 2008 to June 2009, he was an R&D engineer at Shenzhen Sullair Asia Industrial Co., Ltd. (深圳壽力亞洲實業有限公司), a company principally engaged in the manufacturing and sales of air compressors, vacuum pumps and related products, where he was primarily responsible for the R&D, assembly, testing and manufacturing of air compressor equipment, prototypes and related parts. From January 2010 to May 2014, he was an R&D engineer at Ningbo Pangeo Machinery Industries Ltd. (寧波磐吉奧機械工業有限公司), a company principally engaged in the manufacturing and sales of car parts, where he was primarily responsible for the new project development, as well as formulation and improvement of processes.

Mr. Chen obtained his bachelor's degree in mechanical design, manufacturing, and automation from Huazhong University of Science and Technology (華中科技大學) in Wuhan in June 2006. He further obtained his master's degree in mechanical design and theory from Huazhong University of Science and Technology (華中科技大學) in Wuhan in June 2008.

JOINT COMPANY SECRETARIES

Mr. LIU Wei (劉偉**)**, aged 35, was appointed as a joint company secretary of our Company on December 28, 2021. Mr. Liu is also an executive director, chief financial officer and Board secretary of our Company. For further details, please see the paragraphs headed "Directors, Supervisors and Senior Management – Directors – Executive Directors" in this section.

Ms. LEUNG Wai Yan (梁慧欣**)**, was appointed as a joint company secretary of our Company on December 28, 2021. Ms. Leung currently serves as a manager of corporate services of Vistra Corporate Services (HK) Limited. She has over 17 years of experience in providing company secretarial services and compliance services to listed companies and private companies.

Ms. Leung obtained a master of laws majoring in corporate and financial law from The University of Hong Kong in July 2024 and a bachelor's degree in business (administrative management) from the University of South Australia in April 2004.

Ms. Leung has been an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and an associate member of The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom since October 2009.

CHANGES IN DIRECTORS' AND SUPERVISORS' INFORMATION

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

Corporate Governance Report

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

COMPANY'S CULTURE

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

Company continued to strengthen its cultural framework by focusing on the following:

- Vision: building a world-leading platform for minimally-invasive cryotherapy

- Mission: Specialize in development of cryoablation technology with commitment to research and development of innovative life science technology in China

- Values: Focus, precision, integration and innovation

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

The Board always ensures that the objectives, values and strategies set are consistent with the corporate culture, while all directors take the lead to act and are committed to promoting the corporate culture. For details of the Company's performance during the Reporting Period, please see the section headed "Management Discussion and Analysis". The Board believes that the Company's existing business model is in line with the Company's objective and long-term strategy.

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

CORPORATE GOVERNANCE PRACTICES

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has adopted the principles and code provisions set out in the CG Code as its own code to govern its corporate governance practices.

The Company regularly reviews its compliance with the CG Code and the Company was in compliance with all applicable code provisions set out in Part 2 of the CG Code throughout the Reporting Period.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Throughout the Reporting Period and up to the date of this annual report, Mr. LI Kejian acted as the chairman of the Board and Mr. ZHU Jun acted as the general manager (equivalent to chief executive officer) of the Company.

The Board and the senior management, which collectively comprise experienced and high caliber, individuals can ensure the balance of power and authority. As at the date of this annual report, the Board comprises three executive Directors, two non-executive Directors and four independent non-executive Directors. There is no relationship (including financial, business, family or other material or connected relationship) among the Board members.

DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

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

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

BOARD OF DIRECTORS

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

Executive Directors

Mr. LI Kejian *(Chairperson)*
Mr. ZHU Jun *(General manager)*
Mr. LIU Wei *(Chief financial officer, Board secretary and joint company secretary)*

Non-executive Directors

Mr. LV Shiwen
Mr. ZHAO Chunsheng

Independent Non-executive Directors

Dr. GAO Dayong
Mr. LIANG Hsien Tse Joseph
Dr. QIN Zheng
Dr. HU Henan

BOARD MEETINGS AND COMMITTEE MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. The chairperson of the Board should at least annually hold meetings with independent non-executive Directors without presence of other Directors. Both the Nomination Committee and the Remuneration Committee shall meet at least once every year; and the Audit Committee shall meet at least twice a year. Notices of not less than fourteen days are given for all Board and committee meetings to provide all Directors or committee members with an opportunity to attend and include matters in the agenda for a regular meeting. The agenda and accompanying board papers are dispatched to the Directors or committee members at least three days before the intended date of the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairperson of the board or the committee members prior to the meeting.

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

During the year ended December 31, 2024, five Board meetings were held and the chairperson of the Board held a meeting with independent non-executive Directors without presence of other Directors.

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

	Number of meeting(s) attended/number of meeting(s) held for the year ended December 31, 2024			
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Executive Directors:				
Mr. LI Kejian	5/5	N/A	1/1	3/3
Mr. ZHU Jun	5/5	N/A	N/A	N/A
Mr. LIU Wei	5/5	N/A	N/A	N/A
Non-executive Directors:				
Mr. LV Shiwen	5/5	N/A	N/A	N/A
Mr. ZHAO Chunsheng	5/5	3/3	N/A	N/A
Independent Non-executive Directors:				
Dr. GAO Dayong	5/5	N/A	N/A	N/A
Mr. LIANG Hsien Tse Joseph	5/5	3/3	1/1	N/A
Dr. QIN Zheng	5/5	3/3	1/1	3/3
Dr. HU Henan	5/5	N/A	N/A	3/3

None of the Board or committee meetings were attended by an alternate of the Directors.

GENERAL MEETING, H SHARE CLASS MEETING AND UNLISTED SHARE CLASS MEETING

During the year ended December 31, 2024, one general meeting (i.e. the 2023 annual general meeting) of the Company, one H Share class meeting and one Unlisted Share class meeting were held.

A summary of the attendance record of the Directors at the general meeting, the H Share class meeting and the Unlisted Share class meeting is set out in the following table:

Name of Director	Number of meeting(s) attended/number of meeting(s) held for the year ended December 31, 2024
Executive Directors:	
Mr. LI Kejian	3/3
Mr. ZHU Jun	3/3
Mr. LIU Wei	3/3
Non-executive Directors:	
Mr. LV Shiwen	3/3
Mr. ZHAO Chunsheng	3/3
Independent Non-executive Directors:	
Dr. GAO Dayong	3/3
Mr. LIANG Hsien Tse Joseph	3/3
Dr. QIN Zheng	3/3
Dr. HU Henan	3/3

CONFIRMATION OF INDEPENDENCE BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Throughout the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

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

Save as disclosed above, none of the Directors and Supervisors has or is proposed to have entered into any service contract with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

Pursuant to the Articles of Association, the Directors are elected and appointed by the Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment. The terms of office of non-executive Directors shall be three years and renewable upon re-election. The terms of office of independent non-executive Directors shall be three years, renewable upon re-election, but shall not exceed nine years. Any new director appointed to fill a casual vacancy to the Board shall only hold office until the first annual general meeting of the Company after acceptance of the appointment and shall be eligible for re-election by the Shareholders at the next following annual general meeting of the Company after appointment.

The Company may, in accordance with the Articles of Association, by an ordinary resolution, remove any Director before the expiration of his/her term of office. The removal may not affect any claim of the Director for damages that may be made pursuant to any contract.

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS

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

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

During the Reporting Period, all Directors, namely Mr. LI Kejian, Mr. ZHU Jun, Mr. Liu Wei, Mr. LV Shiwen, Mr. ZHAO Chunsheng, Dr. GAO Dayong, Mr. LIANG Hsien Tse Joseph, Dr. QIN Zheng and Dr. HU Henan were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. All Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary. All Directors are encouraged to attend relevant training courses at the Company's expenses and required to submit a signed training records to the Company on an annual basis.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of each of these committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has established an Audit Committee with terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of Part 2 of the CG Code. The Audit Committee consists of one non-executive Director, namely Mr. ZHAO Chunsheng and two independent non-executive Directors, namely Mr. LIANG Hsien Tse Joseph and Dr. QIN Zheng. The chairperson of the Audit Committee is Mr. LIANG Hsien Tse Joseph, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary functions of the Audit Committee are to assist our Board in providing an independent view of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by our Board, which includes, amongst other things:

- proposing to our Board the appointment and replacement of external audit firms;
- supervising the implementation of our internal audit system;
- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties conferred by our Board.

The Audit Committee had reviewed together with the management the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the audited consolidated financial statements of the Group for the year ended December 31, 2024.

During the year ended December 31, 2024, the Audit Committee has convened three meetings. The attendance record of the Directors at meeting of the Audit Committee is set out under paragraphs headed "Corporate Governance Report – Board Meetings and Committee Meetings" in this section.

During the meeting, the Audit Committee reviewed the annual results for the year ended December 31, 2023 and interim results for the six months ended June 30, 2024 and the related report of the Company and its subsidiaries and discuss matters with respect to the accounting policies and practices adopted by the Company.

During the year ended December 31, 2024, the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

Remuneration Committee

The Company has established a Remuneration Committee with terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of Part 2 of the CG Code. The Remuneration Committee consists of one executive Director, namely Mr. LI Kejian and two independent non-executive Directors, namely Mr. LIANG Hsien Tse Joseph and Dr. QIN Zheng. The chairperson of the Remuneration Committee is Dr. QIN Zheng.

The primary functions of the Remuneration Committee are to develop remuneration policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefit arrangements, which includes amongst other things:

- establishing, reviewing and making recommendations to our Board on our policy and structure concerning remuneration of our Directors and senior management;
- making recommendations to the Board concerning the remuneration package of each executive Director and members of senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and
- other duties conferred by our Board.

During the year ended December 31, 2024, the Remuneration Committee has convened one meeting to (i) review the remuneration policy and structure of the Company; (ii) assess the performance of the Directors; and (iii) review and consider the remuneration packages for the Directors and senior management of the Company. The attendance record of the Directors at meeting of the Remuneration Committee is set out under paragraphs headed "Corporate Governance Report – Board Meetings and Committee Meetings" in this section.

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

Details of the remuneration payable to each Director for the year ended December 31, 2024 are set out in Note 8 to the financial statements in this annual report.

The remuneration (including equity-settled share award expense) of the members of senior management (including two Directors) of the Group by band for the year ended December 31, 2024 is set out below:

Remuneration Bands (RMB)	Number of Persons
Nil to 1,000,000	–
1,000,001 to 1,500,000	3
1,500,001 to 2,000,000	2
10,000,001 to 12,000,000	1
Total	6

Nomination Committee

The Company has established a Nomination Committee with terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of Part 2 of the CG Code. The Nomination Committee consists of one executive Director, namely Mr. LI Kejian and two independent non-executive Directors, namely Dr. QIN Zheng and Dr. HU Henan. The chairperson of the Nomination Committee is Mr. LI Kejian.

The primary function of the Nomination Committee is to make recommendations to our Board in relation to the appointment and removal of Directors which includes, amongst other things:

- reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- assessing the independence of our independent non-executive Directors;
- assisting the Board in maintaining a board skills matrix;
- supporting the Company's regular evaluation of the Board's performance;
- making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors; and
- other duties conferred by our Board.

During the year ended December 31, 2024, the Nomination Committee has convened three meetings to (i) review the structure, size and composition of the Board; (ii) assess the independence of the independent non-executive Directors; and (iii) review the Company's director nomination policy (the "**Nomination Policy**") and the Company's board diversity policy (the "**Board Diversity Policy**"), to ensure that it is in compliance with the Listing Rules and the CG Code. The attendance record of the Directors at meeting of the Nomination Committee is set out under paragraphs headed "Corporate Governance Report – Board Meetings and Committee Meetings" in this section. The Board considered that an appropriate balance of diversity perspectives of the Board was maintained for the year ended December 31, 2024.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the board diversity policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the nomination policy that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

As at the date of this annual report, our Board consists of eight male members and one female member with two Directors aged 31 to 40 years old, four Directors aged 51 to 60 years old and three Directors aged over 60 years old. Our Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

NOMINATION POLICY

All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

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

CORPORATE GOVERNANCE FUNCTION

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

As at the date of this annual report, the Board had performed the following duties:

- to formulate, review and improve the corporate governance system and condition of the Company;
- to review and monitor the training for and continuous professional development of the directors and senior management;
- to review and monitor the systems formulated by the Company and the compliance thereof, and make relevant disclosures in accordance with the laws and relevant provisions of the securities regulatory authority;
- to formulate, review and monitor the code of conduct and relevant compliance manual of employees and directors; and
- the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

BOARD DIVERSITY POLICY AND GENDER DIVERSITY IN WORKFORCE

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

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, we have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board. Pursuant to the Board Diversity Policy, we seek to achieve the diversity of the Board through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, age, cultural and educational background and professional experience and knowledge. The ultimate decision of the appointment will be based on merit and the contribution that the selected candidates will bring to the Board.

The Company has taken, and will continue to take, steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management levels. As of the date of this annual report, the Board consists of eight male members and one female member with two Directors aged 31 to 40 years old, four Directors aged 51 to 60 years old and three Directors aged over 60 years old. Our Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain high standard of operation. The Company had targeted to achieve and had achieved at least one female Director and 58% (159) of female employees of the Group and considers that the current gender diversity is satisfactory.

Going forward, the Company will continue to work to enhance gender diversity of the Board. The Board will use its best endeavors to appoint female Directors to the Board (keeping in mind the importance of management continuity and the timeline for retirement and re-appointment of Directors under the Articles) and Nomination Committee will use its best endeavors and on suitable basis to identify and recommend multiple suitable female candidates to the Board for its consideration on appointment of a Director. As of the date of this annual report, the Company has not set a target figure and timetable for increasing gender diversity at the Board level. The Company will also continue to ensure that there is gender diversity when recruiting staff at the middle to senior level so that the Company will have a pipeline of female management and potential successors to the Board in due time to ensure gender diversity of the Board. The Group will continue to emphasize training of female talent and providing long-term development opportunities for female staff.

Directors have a balanced mix of knowledge and skills, including but not limited to overall business management, finance and accounting, R&D, law and investment. They obtained degrees in various majors including clinical medicine, machinery manufacturing and equipment, business administration, law, engineering, modern mechanics and professional accounting. The Company has four independent non-executive Directors with different industry backgrounds, representing more than one third of the members of the Board. Further details on the biographies and experience of the Directors are set out on page 20 to page 24 of this annual report.

Workforce diversity

The gender ratio in the workforce (including senior management) for the year ended December 31, 2024 is approximately 42%:58% (male:female). The Board has not adopted any plan or measurable target for gender diversity as of the date of this annual report and is not aware of any factors or circumstances that would make it more challenging or less relevant for the Group to achieve gender diversity among its employees. For further details of gender ratio and initiatives taken to improve gender diversity together with the relevant data, please refer to the disclosures in the Environmental, Social and Governance report as set out in this annual report.

BOARD INDEPENDENCE

The Company recognizes that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board and that independent views. The current composition of the Board, comprising more than one third of the independent non-executive Directors and the majority members of the Audit Committee, Remuneration Committee and Nomination Committee are independent non-executive Directors. The Audit Committee and Remuneration Committee are both chaired by independent non-executive Directors. The remuneration of independent non-executive Directors are subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his/her appointment and annually.

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

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

On the basis of the above measures that have been put into place, the Board is of the view that the above mechanism was effective in ensuring that independent views and input were available to the Board throughout 2024. The Board reviews the implementation and effectiveness of such mechanism on an annual basis.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Company has adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. The Audit Committee, and ultimately the Board, supervises the implementation of our risk management policies. Risks identified by senior management will be analyzed on the basis of likelihood and impact, and will be properly followed up, mitigated and rectified by the Company, and reported to the Board.

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

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

Before each Board meeting, an agenda is prepared with inputs from Directors. At Board meetings, depending on the agenda, different team heads will gather information relating to their functions and report to the Board on the relevant agenda items, as necessary. The Board secretary will attend all Board meetings to ensure that there is no gap in communication between the two bodies. During Board meetings, the Board will, on occasion, further review and/or analyze particular issue and report their findings at the next Board meeting. The Board believe that the corporate structure provides an appropriate system of checks and balances to improve the risk management procedures.

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

The Company has adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with strategic objectives on an on-going basis. The Board is responsible for establishing internal control system and the Board, as supported by the Audit Committee as well as the management, annually reviewed the effectiveness of the risk management and internal control systems for the Reporting Period, including the financial, operational and compliance controls, for the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Internal Control

The Board is responsible for establishing internal control system and reviewing its effectiveness. To monitor the ongoing implementation of our risk management policies and corporate governance measures, the Company has adopted, among other things, the following risk management and internal control measures:

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

- the appointment of Mr. LIU Wei as our executive Director, chief financial officer, Board secretary and joint company secretary and Ms. LEUNG Wai Yan as one of the joint company secretaries of the Company to ensure the compliance of our operation with relevant laws and regulations; and

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

The Company has also adopted internal control measures to ensure our compliance with the relevant regulations in relation to the "Two-Invoice System", including:

- providing trainings periodically to members of our management team as well as our sales and marketing team, to enhance their knowledge about the "Two-Invoice System" and other applicable laws and regulations;

- requiring our management team to closely monitor the progress of the implementation of the "Two-Invoice System" in different provinces;

- requiring our sales and marketing team to promptly adjust the distribution plans for our products based on the latest implementation status of the "Two-Invoice System" in different provinces;

- strictly enforcing the terms of our agreements with our distributors (particularly, prohibiting our distributors from selling our products outside the geographical regions specifically designated to the distributors, and from transferring their distributorship rights to sub-distributors without our prior approval);

- conducting regular inventory checks to ensure the inventories of ourselves and of our distributors are maintained at appropriate levels; and

- frequently communicating with our distributors, the sub-distributors and the end customers using our products, and periodically conducting inspections, to ensure there is no unauthorized resale of our products to other sub-distributors.

In addition, the Company has adopted internal control measures to ensure our compliance with the applicable laws and regulations with respect to the handling of sensitive data involving commercial secrets or personal privacy, and such measures primarily include:

- adopting strict requirements for desensitizing, collecting, using, reproducing, storing, and transferring sensitive data;

- providing trainings periodically to our senior management and employees to enhance their knowledge of the applicable laws and regulations regarding the protection of sensitive data;

- requiring any transfer of sensitive data (including but not limited to those in relation to clinical trial results) abroad or to foreign parties to be submitted to our Board for pre-approval; and

- desensitizing all sensitive data before transferring them to any third parties.

Finally, the Company has adopted various internal regulations against corrupt and fraudulent activities, which include measures against receipts of bribes and kickbacks, and misuse of company assets. Major measures and procedures to implement such regulations include:

- authorizing our audit and supervision department to assume responsibility for daily execution of our anti-corruption and anti-fraud measures, including handling complaints, ensuring protection for the whistle-blower and conducting internal investigations;

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

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

Anti-corruption Policy

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

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

Whistle-blowing Policy

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

The whistle-blowing policy will be reviewed on a regular basis, any suspected cases will be reported to the Audit Committee.

The Directors are of the view that such controls and measures are sufficient and effective to avoid the occurrence of corruption, bribery, or other improper conduct of our employees. For the year ended December 31, 2024, the Company was not subject to any government investigation or litigation with respect to claims or allegations of monetary and non-monetary bribery that activities, and to the best knowledge of the Directors, none of our employees was involved in any bribery or kickback arrangements.

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

DISSEMINATION OF INSIDE INFORMATION

The Group regulates the handling and dissemination of inside information according to internal procedures and the policy so as to ensure that inside information remains confidential until the disclosure and publication of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

The Board is responsible for approving the policy on disclosure of inside information which aims at providing guiding principles, practices and procedures to assist employees and officers of the Group in (i) relaying inside information to the Board to enable it to make timely decisions on disclosure, if necessary; and (ii) communicating with the Group’s stakeholders in ways which are in compliance with the SFO and the Listing Rules.

An employee who becomes aware of a matter or event that he/she considers to be material or inside information shall report to his/her division/department head who will assess the sensitivity of the relevant information and, if considered appropriate, escalate and report to the Board and/or the company secretaries of the Company.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

The statement of the independent auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 110 to 112 of this annual report.

AUDITOR'S REMUNERATION

Audit fees of the Group for the year ended December 31, 2024 payable to the external auditor were approximately RMB2.0 million.

Details of the fees paid or payable to the Company's auditor in respect of all services for the year ended December 31, 2024 are set out in the table below:

Services rendered for the Company	RMB'000
Audit services	**1,950**
Non-audit services	**–**

JOINT COMPANY SECRETARIES AND PRIMARY CONTACT OF THE COMPANY

The Company engaged Ms. LEUNG Wai Yan, a manager of corporate services of Vistra Corporate Services (HK) Limited (a company secretarial service provider), as a joint company secretary of the Company. Mr. LIU Wei is the other joint company secretary of the Company, and is the primary contact of Ms. LEUNG Wai Yan at the Company.

In compliance with Rule 3.29 of the Listing Rules, Mr. LIU Wei and Ms. LEUNG Wai Yan both undertook not less than 15 hours of relevant professional training to update their skills and knowledge during the Reporting Period.

SHAREHOLDERS' RIGHTS

Rights to Convene Extraordinary General Meeting

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

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

Pursuant to Article 81 of the Articles of Association, Members who, individually or collectively, hold more than 10% of the shares entitled to vote at the meeting to be held may sign a written requisition or requisitions in like form requesting the Board to convene an extraordinary general meeting and specifying the subject matter thereof. The Board shall convene an extraordinary general meeting as soon as possible after receipt of such a written request. The number of shares held as aforesaid shall be calculated as at the date of the written requisition by the member.

Procedures for Putting Forward a Proposal at the General Meeting

Pursuant to Article 62 of the Articles of Association, Shareholders individually or jointly holding at least the proportion of the Shares of the Company as specified under the Company Law shall have the right to submit ad hoc proposals to the convener in writing 10 days prior to the general meeting. The convener shall issue a supplemental notice of the general meeting to other Shareholders within 2 days after receipt of such proposal, and place the matters of the proposal falling within the scope of authority of the general meeting on the agenda for such meeting and submit for consideration at the general meeting.

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

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

Article 81 of the Articles of Association provides that written notice concerning proposed nomination of director candidate and supervisor candidate who are not staff representatives shall be sent to the Company at least 10 days prior to the date of the general meeting.

Right to Put Enquiries to the Board

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

Address: Building 15, Lane 3399, Kangxin Road, Pudong New Area, Shanghai, PRC
Attention: Mr. LIU Wei
Email: IR@cryofocus.com

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

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

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

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

Having considered the multiple channels of communication, the Board believes that the Company's shareholders' communication policy has facilitated adequate communications, and is satisfied that the shareholders' communication policy has been properly implemented during 2024 and is effective.

DIVIDEND POLICY

We currently expect to retain all future earnings for use in operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by the general meeting and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including the successful commercialization of our products as well as our earnings, capital requirements, overall financial condition and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Adviser, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

CHANGES IN CONSTITUTIONAL DOCUMENTS

A special resolution has been passed at the 2023 annual general meeting, H share class meeting and unlisted share class meeting of the Company held on June 14, 2024 to amend and adopt the Articles of Association to comply with the requirements of the Listing Rules and applicable laws and regulations of the PRC, and make slight adjustments to certain provisions in the Articles after taking into consideration, among others, the operation and management needs of the Company. A copy of the amended Articles of Association has been posted on the websites of the Company and the Stock Exchange.

Save as disclosed above, the Company did not make any other changes to its constitutional documents of the Company during the Reporting Period.

After the Reporting Period, on March 31, 2025, the Board announced that it has resolved and proposed to amend the Articles of Association to make slight adjustments to certain provisions in the Articles of Association after taking into consideration, among others, the operation and management needs of the Company, and to make certain housekeeping amendments to the Articles of Association (the "**Proposed Amendments**").

Pursuant to the Articles of Association and the applicable laws and regulations in the PRC, the Proposed Amendments are subject to the approval of the Shareholders by way of a special resolution at a general meeting. A special resolution to consider and approve the Proposed Amendments will be proposed at the AGM.

For further details, please refer to the Company's announcement dated March 31, 2025.

Environmental, Social and Governance Report

ABOUT THE REPORT

This report is the third environmental, social and governance report published by Cryofocus Medtech (Shanghai) Co., Ltd., which is prepared in strict accordance with the principles of objectivity, transparency and completeness and faithfully discloses the practices and results of Cryofocus Medtech (Shanghai) Co., Ltd. in the fields of operation, environment and society to all stakeholders. The Report is an annual report covering the work during the Reporting Period, part of contents of which may backdate to previous years or be extended to 2025 as applicable.

Reporting Scope and Boundary

Scope of the Report: The Report is based in Cryofocus Medtech (Shanghai) Co., Ltd. and covers all of its subsidiaries and branches. Unless otherwise stated, the financial data in the Report are denominated in RMB.

Term of the Report: From January 1, 2024 to December 31, 2024 ("the Reporting Period"), and some contents and data may backdate to previous years or involve those in 2025 prior to the publication of the Report.

Abbreviations

For the convenience of presentation and reading, Cryofocus Medtech (Shanghai) Co., Ltd. is referred to as the "Company" in the Report, while the Company and its subsidiaries are referred to as the "Group" or "We" in the Report.

Preparation Basis

The Report follows the reporting principles of Materiality, Quantitative and Consistency. The Report was prepared in accordance with the *Environmental, Social and Governance Reporting Guide* as set out in Appendix C2 to the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange").

This Report was developed through a process that includes identifying and prioritizing key stakeholders and material ESG issues, determining the boundaries of the ESG Report, collecting relevant materials and data, compiling the Report based on the collected information, and reviewing the Report. These steps ensure the completeness, materiality, authenticity, and balance of the Report's content.

Materiality

The ESG issues determined by the Board of the Company to have a material impact on the Company, investors and other stakeholders have been reported in this Report. For the identification process and results of the Company's ESG materiality issues for 2024, please refer to Sections "Communication with Stakeholders" and "ESG Materiality Issues" in Chapter 1.

Quantitative

This Report discloses the ESG-related quantitative data, standards and methodologies for statistics and calculations adopted by the Company, and provides textual explanations for the quantitative data. For the 2024 ESG quantitative data of the Company, please refer to the corresponding sections in each chapter.

Consistency

Unless otherwise stated, the Company adheres to apply consistent statistical methodologies of disclosure for each reporting period.

Sources of Information and Assurance of Reliability

The Report was prepared by the management of Cryofocus Medtech (Shanghai) Co., Ltd. and reviewed and approved by the Board of the Company. The Board of the Company ensures that the Report does not contain any false records, misleading statements or material omissions. The Board is also responsible for the authenticity, accuracy and completeness of the Report.

Confirmation and Approval

The Report was confirmed by the management and approved by the Board on March 31, 2025.

Access and Response to the Report

The electronic version of the Report will be published on the website of the Stock Exchange. If you have any questions or suggestions on the content of the Report, please contact us by the following means:

Address: No. 15, Lane 3399, Kangxin Road, Pudong New District, Shanghai

Tel: +86 21 209 77850

E-mail: IR@cryofocus.com

1 CORPORATE GOVERNANCE

The Group has always regarded standardized operation and management as a cornerstone of its steady development. We strictly adhere to the *Company Law of the People's Republic of China* and other relevant laws and regulations, continuously optimize our corporate governance structure and ESG management system, and collaborate with stakeholders to achieve sustainable development goals.

1.1 Statement of the Board

The Board of the Company, as the highest decision-making body of the Company, is fully responsible for and supervises all ESG-related matters of the Group, and holds ultimate responsibility for ESG planning and risk management. We continuously optimize our communication mechanisms with stakeholders, identifying, evaluating, and analyzing the impact of key ESG issues on the Group and stakeholders, and prioritizing these issues to effectively manage ESG-related affairs.

To ensure continuous monitoring and improvement of the Group's ESG performance, the Board regularly reviews ESG-related risks and important issues, and deliberates and approves matters such as ESG goals, public disclosure of related performance, and the review of significant negative ESG events, thereby enhancing the Group's sustainability in operations and business expansion.

1.2 Risk Control

The Group has always regarded potential operational risks as a key focus area, continuously strengthening its risk management systems and institutional frameworks, optimizing risk control processes, and ensuring robust corporate governance.

We have established a three-tier risk management structure encompassing the Board of Directors, the Audit Committee, and the Senior Management, providing a solid foundation for the Group's risk identification and management. For major risks that may arise in operations, the Senior Management is responsible for the initial identification and preliminary management of front-end risks, regularly reporting to the Audit Committee. The Audit Committee oversees comprehensive risk identification, tracking, mitigation, and correction, and reports the outcomes to the Board of Directors, ensuring that major risk incidents are promptly identified, reported, and effectively addressed.

Board	• Serve as the ultimate supervisory body for risk management, responsible for formulating the Group's risk management policies and strategies, ensuring their alignment with the overall strategic objectives of the Group
Audit Committee	• Review and approve risk management policies to ensure their consistency with the Group's strategic objectives and development status • Supervise and evaluate the implementation of risk management policies, handling of major business risks, ensuring the effective implementation of the risk management mechanism
Senior Management	• Responsible for the specific execution of risk management-related matters, including reviewing risk management issues, providing risk management strategies to various departments of the Group, and supervising the implementation of risk management measures

Risk Governance Structure

1.3 Business Ethics

The Group strictly complies with relevant laws and regulations, including the *Criminal Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, and resolutely prohibits any form of bribery, extortion, fraud, money laundering, or other unethical business practices.

To standardize employee conduct, we have established internal policies such as the *Anti-Fraud Management Policy* and promote integrity through various initiatives, fostering a fair, honest, and transparent workplace culture. During the Reporting Period, the number of corruption lawsuits filed and concluded against the Group or its employees was zero.

To strengthen oversight, the Group provides multiple channels for employees and other stakeholders to report complaints, including phone, email, mail, and in-person meetings, widely accepting reports on unethical behaviors such as corruption and fraud, and comprehensively monitoring violations.

Additionally, we have established an efficient reporting mechanism to promptly verify the authenticity of reports upon receipt and conduct independent investigations. The Group also supports anonymous reporting and has implemented a whistleblower protection mechanism to strictly safeguard the confidentiality of whistleblower information and materials, prohibiting any form of retaliation and ensuring the legitimate rights and interests of whistleblowers. During the Reporting Period, the Group did not receive any whistleblowing issue related to business ethics.

Furthermore, to continuously enhance employee awareness of integrity and systematically mitigate business ethics risks, we have incorporated business ethics and compliance into the routine training modules for new employees. Through ongoing education and advocacy, we aim to instill correct professional ethics and standardize daily conduct among employees.

1.4 ESG Governance

The Group recognizes the critical role of ESG governance in sustainable development. We actively respond to societal appeal and initiatives for sustainability, establishing a clear ESG governance structure with defined responsibilities. By continuously improving our ESG management system, we provide a solid foundation for effective ESG implementation.

ESG Governance Structure

The Group has established an ESG governance structure led by the Board, which oversees and systematically guides ESG initiatives across all levels of the organization. The Board is responsible for reviewing and making decisions on key ESG matters, bearing ultimate accountability for ESG governance and associated risks. Additionally, we have set up a dedicated ESG Working Group to execute and coordinate ESG activities, regularly reporting progress to the Board to ensure the effective implementation of relevant policies and management measures.

Communication with Stakeholders

The Group recognizes that the sustainable development of the business relies heavily on the support and collaboration of various parties. In alignment with our operational activities and business scope, we have identified key stakeholders, including shareholders, investors, governments, regulatory authorities, and employees, and continuously monitor their feedback and expectations. We respond to their demands through various communication channels, such as shareholders' meetings, site visits, research discussions, and public hotlines, fostering mutually beneficial partnerships and collaborative development.

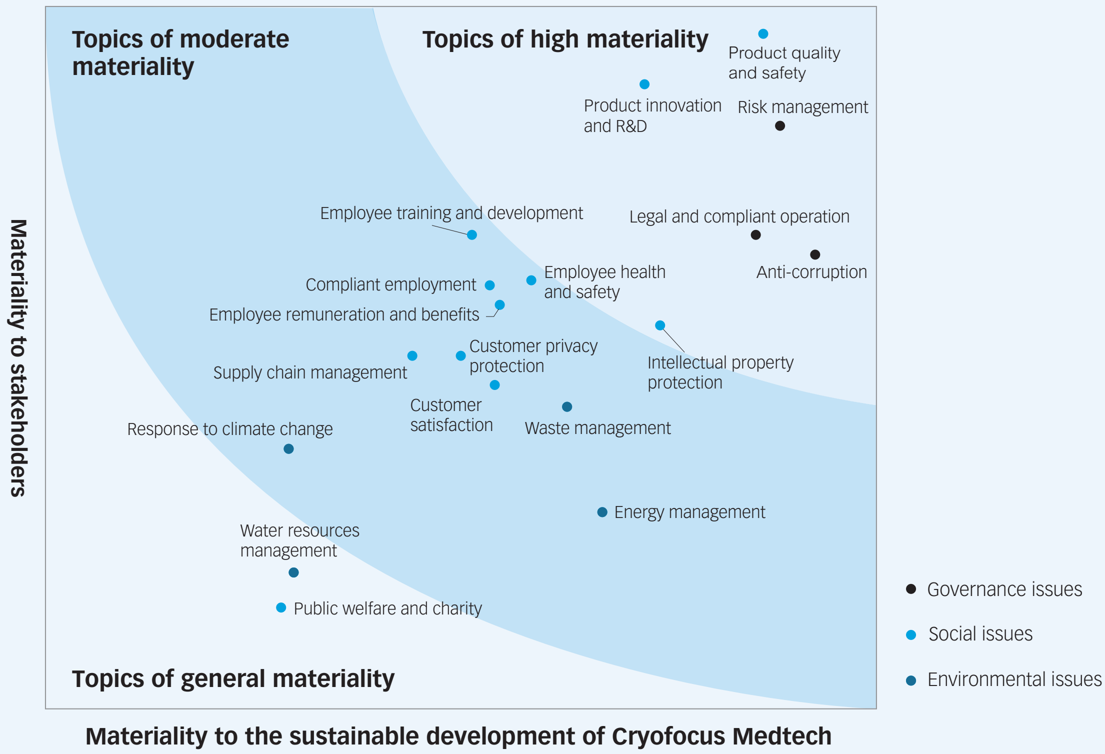
Key Stakeholders and Communication Channels

Stakeholders	Expectations and Demands	Communication and Response
Shareholders/Investors	Compliant operation Risk management	Shareholders' general meeting; Investor meeting Information disclosure Communication via telephone and email
Government and Regulatory Authorities	Compliance with disciplines and laws Anti-Corruption	Implementation of policies Active tax payment Information disclosure
Employees	Compliant employment Employee remuneration and benefits Employee training and development Employee health and safety	Internal communication platform Visits and consolation Public hotline
Suppliers	Supply chain management	Bidding meeting Surveys and visits Industry forum
Partners	Faithful performance of contracts Win-win cooperation	On-site visits and meetings Telephone/WeChat/Questionnaire
Customers	Product Quality and Safety Product Innovation and R&D Customer privacy protection Customer satisfaction	Customer Satisfaction Surveys Regular Visits On-site visits and meetings Telephone/WeChat/Questionnaires
Community and the Public	Charity	Voluntary services Charity activities

Materiality Issues

To enhance ESG governance effectiveness and advance the achievement of sustainable development goals, the Group continuously conducts the identification and assessment of ESG material issues, fully considering the focus areas of various stakeholders. During the reporting period, we identified six issues of high materiality, ten issues of moderate materiality, and two issues of general materiality, and plotted a matrix of assessment results for materiality Issues.

Matrix of Materiality ESG Issues of Cryofocus Medtech in 2024



2 HIGH-QUALITY PRODUCTS

The Group incorporates the philosophy of high-quality products into its comprehensive lifecycle quality management system, ensuring the quality of its products and services. Simultaneously, guided by innovation, we actively integrate cutting-edge technologies and top-tier talent to continuously drive the evolution of industry quality standards.

2.1 Product Responsibility

The Group places great emphasis on product responsibility and consistently regards quality management as the core driver of our corporate development. We continuously enhance the optimization of our Quality Management System by consistently improving technical standards and process capabilities, striving to provide global users with safer, more reliable, and more efficient minimally-invasive cryotherapy solutions.

2.1.1 Quality Management System

The Group strictly complies with laws and regulations, including the *Regulations on the Supervision and Administration of Medical Devices* and the *Quality Management Standards for Medical Device Operation*, and has developed a comprehensive quality management system in accordance with ISO 13485:2016 *Medical Devices – Quality Management Systems – Requirements for Regulatory Purposes*. In 2024, we focused on and implemented the *Guidance Principles for the Registration Review of Medical Devices Usability Engineering* and the *Announcement of the National Medical Products Administration on Standardizing the Classification and Definition of Medical Device Products*. We conducted comprehensive compliance assessments for both products under development and marketed products, successfully completing third-party usability testing with all results meeting the required standards.

During the Reporting Period, we updated the *Quality Control Procedures* by refining requirements for identification and traceability record archiving, adding provisions for validation and R&D testing inspections, and optimizing the storage and labeling management of raw materials. These enhancements further improved the standardization of our quality management processes.

The Group has established a robust quality management organizational structure, with the General Manager serving as the top executive and appointing management representatives. Functional departments, including R&D, production, quality, management, and medical departments, perform their respective duties to ensure clear responsibilities and efficient collaboration across all stages.

We are dedicated to continuously improving our quality management system. During the Reporting Period, the Group passed the annual audit of the ISO 13485 Medical Device Quality Management System. Additionally, we underwent three post-market on-site system audits by the medical device regulatory authorities and conducted one comprehensive internal audit to ensure the effective operation of our quality management system.

bsi.

By Royal Charter

Certificate of Registration

QUALITY MANAGEMENT SYSTEM - ISO 13485:2016

This is to certify that: Cryofocus Medtech (Shanghai) Co., Ltd.
Building15, No.3399, Kangxin Highway
Pudong New District
Shanghai
201321
China

康沣生物科技（上海）股份有限公司
中国
上海
浦东新区
康新公路3399弄15号
邮编：201321

Holds Certificate No: **MD 792904**

and operates a Quality Management System which complies with the requirements of ISO 13485:2016 for the following scope:

Design, Development, Manufacture and Distribution of Cryoablation Console, Sterile AF Cryoablation Catheters, Sterile Steerable Sheath, Sterile Disposable Mapping Catheters and Cable. Installation and servicing of Cryoablation Console.
冷冻消融设备、无菌的房颤冷冻消融导管、无菌的可调弯导引导管、无菌的一次性使用心内标测导管的设计开发、制造和分销；冷冻消融设备的安装和服务

For and on behalf of BSI:

Graeme Tunbridge, Senior Vice President Medical Devices

Original Registration Date: 2023-11-16
Latest Revision Date: 2023-11-16

Effective Date: 2023-11-16
Expiry Date: 2026-11-15

Page: 1 of 1

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...making excellence a habit.™

This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract.
An electronic certificate can be authenticated online.
Printed copies can be validated at www.bsi-global.com/ClientDirectory or telephone +86 10 8507 3000.

Information and Contact: BSI, John M. Keynesplein 9, 1066 EP Amsterdam The Netherlands. Tel: +31 (0) 20 3460 780
BSI Group The Netherlands B.V., registered in the Netherlands under number 33264284, at John M. Keynesplein 9, 1066 EP Amsterdam, The Netherlands
A Member of the BSI Group of Companies.

Certificate of Registration of the ISO 13485 Medical Device Quality Management System

2.1.2 Quality Management Actions

The Group consistently integrates quality management throughout the entire product lifecycle. Through stringent quality control procedures and continuously optimized management measures, we ensure that every stage from R&D to delivery meets high standards.

R&D phase

- Conduct comprehensive risk assessments to identify potential risk points and their risk levels
- Perform scientific design verification and process validation

Raw material management

- Establish strict quality standards for raw materials, requiring suppliers to strictly adhere to these standards
- Inspect all raw materials to ensure product quality from the source

Production process control

- Develop detailed production procedures and conduct quality inspections on work-in-progress, ensuring each process meets requirements before proceeding to the next
- Implement a 5S management system, conduct monthly site inspections, optimize production processes, reduce waste, improve production efficiency, and ensure product quality stability

Finished product management

- Strictly implement the control procedures for unqualified products, under which unqualified products/batches are labeled, isolated, collected, and scrapped to ensure they do not enter the market
- All finished products undergo rigorous inspection and must pass quality checks before storage and release

Product Lifecycle Quality Control

During the Reporting Period, the Group carried out 13 periodic validation tasks in accordance with the annual validation plan, covering product design, processes, methodologies, and environmental factors, ensuring the stability of manufacturing processes meet the requirements.

Product Recall Management

The Group strictly adheres to the *Measures for the Administration of Medical Device Recalls* and relevant laws and regulations, establishing the *Product Recall Management System* to ensure timely and effective action can be taken for products with potential safety risks, safeguarding user safety and rights.

Triggering recall

- Immediately initiate recall procedures upon orders from national regulatory authorities
- Establish a medical device quality management system and adverse event monitoring system to continuously collect, record, and analyze adverse event information, investigating and evaluating potential product defects
- Rapidly initiate recall procedures if an assessment confirms the need for a recall

Implementing recall

- Form a recall task force comprising managers from quality, production, market, and medical departments, clarifying the responsibilities of each member
- The task force is responsible for determining the recall scope, drafting recall notices and announcements, and implementing the recall plan

Handling recalled products

- Take measures such as warnings, inspections, repairs, relabeling, instruction manual updates, software updates, replacements, or destruction to eliminate defects. Products requiring destruction are disposed of under the supervision of the department of food and drug supervision and administration
- Conduct in-depth root cause analysis, develop and implement improvement and preventive measures to avoid recurrence of similar issues, continuously enhancing product quality and safety

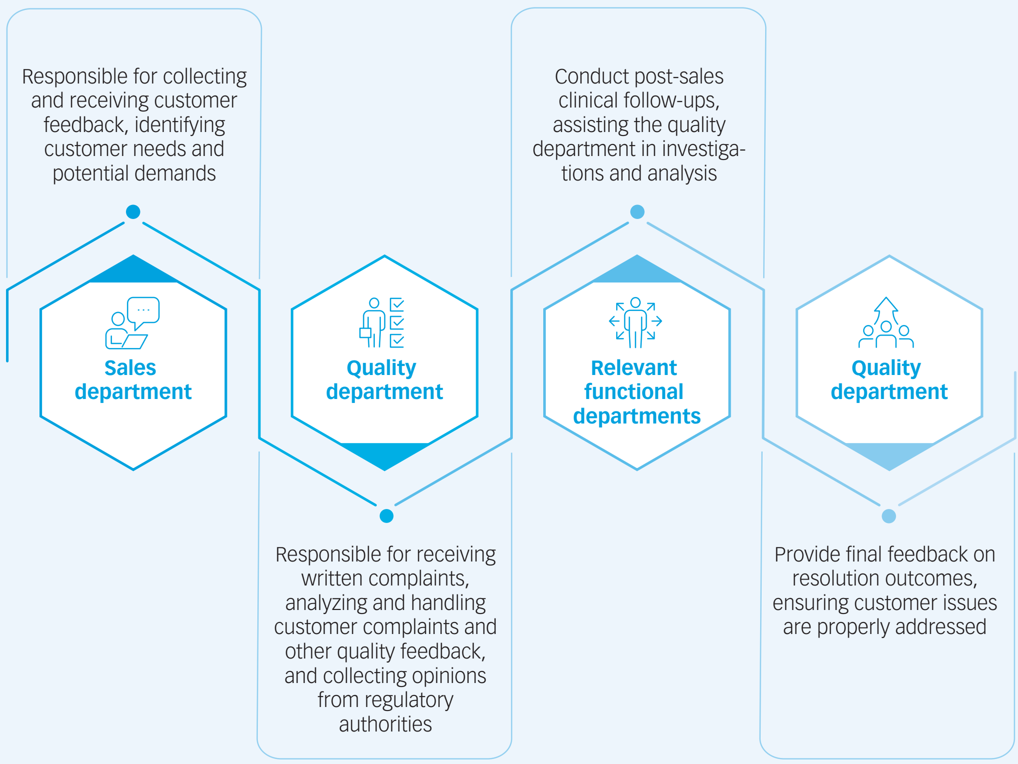
Product Recall Management Process

During the Reporting Period, there were no product recalls due to safety or health reasons among the products sold or shipped by the Group.

Customer Service

The Group consistently regards customer feedback as a key driver for improving product and service quality. We continuously refine our customer complaint management mechanism to ensure timely and effective resolution of customer issues, thereby enhancing customer satisfaction. During the Reporting Period, we updated the *Control Procedures for Customer Feedback and After-sales Supervision* and the *Management Procedures for Customer Requirement Identification and Review*, further clarifying the processes and functional responsibilities for customer feedback and after-sales supervision to ensure efficient and standardized complaint handling.

We have established a comprehensive customer complaint handling mechanism, collecting customer feedback through multiple channels to drive product improvement and quality enhancement. During the Reporting Period, the Group received no complaints regarding products or services.



Customer Complaint Handling Mechanism

In addition, we strictly adhere to the *Specifications for Quality Management of Pharmaceutical Clinical Trials*, firmly prohibiting the collection of personal information from patients participating in clinical trials to fully protect patient privacy.

We place great emphasis on customer training, striving to enhance customers' understanding and proficiency in using our products and operational procedures. During the Reporting Period, we organized multiple specialized training sessions for principal investigators at participating research centers. The training covered topics such as therapeutic advancements, product introductions, surgical procedures, and precautions, and included simulator demonstrations and animal model operations. To further improve service quality, we provided enrollment introductions during the project enrollment process, educating patients about disease conditions and treatment methods to ensure both researchers and patients have a comprehensive understanding of the RDN[1] product and surgical procedures.

Building Quality Culture

We prioritize regulatory compliance and quality awareness by conducting comprehensive employee training, pre-job training for new quality department staff, and specialized programs. These ensure employees master key areas such as medical device regulations, quality management systems, document management, product inspection as well as corrective and preventive actions, enhancing overall quality management standards.

2.2 Intellectual Property Protection

The Group strictly complies with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Enterprise Intellectual Property Management Standards*, and other relevant laws and regulations, ensuring that intellectual property management is conducted in a lawful and compliant manner.

We continuously improve our intellectual property management system, strictly implementing the *Intellectual Property Management Manual*. In accordance with internal policies such as the *Management Measures for the Introduction of Scientific and Technological Talents* and the *Patent Incentive Management System*, we incentivize the innovative capabilities of technical talents and promote the transformation and application of intellectual property achievements.

During the Reporting Period, we have passed the certification of GB/T 29490-2013 Intellectual Property Management System.

1 RDN (Renal Denervation) is a minimally invasive interventional technique that treats resistant hypertension by ablating the sympathetic nerves surrounding the renal arteries.


知识产权合规管理体系认证证书

证书号码：165IP210256R1S

兹证明

康沣生物科技（上海）股份有限公司

统一社会信用代码：91310115062524037K

注册地址：上海市浦东新区康新公路 3399 弄 15 号

经营地址：上海市浦东新区康新公路 3399 弄 15 号

上海市浦东新区康新公路 3399 弄 25 号楼 3 层

知识产权合规管理体系符合标准：

GB/T29490-2023

通过认证的范围如下：

冷冻消融系统的研发的知识产权管理

注：认证注册范围不包括未获得有效的国家规定的相关行政许可、资质许可的产品/服务范围

初次发证日期：2021 年 03 月 31 日　本次发证日期：2024 年 04 月 02 日　有效期至：2027 年 03 月 30 日

本证书有效期三年，证书有效性通过年度监督确认保持。证书有效信息可登陆国家认证认可监督委员会官方网站 www.cnca.gov.cn 或中知（北京）认证有限公司官方网站查询。

签发：

中知认证

中知（北京）认证有限公司

地址：北京市海淀区花园路5号133幢3层302室（100088）

http://www.zzbjrz.com

Intellectual Property Management System Certification

As of the end of the Reporting Period, the Group has been granted a total of 159 patents and 58 trademarks, including 12 new patents and 19 new trademarks obtained during the Reporting Period.

We continuously strengthen intellectual property training and awareness initiatives. During the Reporting Period, we conducted a total of 6 intellectual property-related training sessions, covering topics such as intellectual property compliance management systems, patent and trademark management, and intellectual property protection. The cumulative training hours amounted to 11 hours, reaching a total of 100 participants.

2.3 Supply Chain Management

The Group adheres to the *Management Standards for Production Quality of Medical Devices* and the *Guidelines for Supplier Audit of Medical Device Manufacturers* to manage suppliers, ensuring compliance with industry standards in selection, evaluation, and supervision. We have also implemented the *Procurement Control Procedures* to ensure compliance and transparency in procurement.

As of the end of the Reporting Period, the Group had a total of 368 suppliers, the details of which are as follows:

China	355 suppliers
Overseas	13 suppliers

2.3.1 Supplier Access

The Group has established a comprehensive supplier access mechanism. Through fair sourcing, qualification reviews, multi-department evaluations, and categorized management, we rigorously select high-quality suppliers. We also implement annual reassessments and dynamic management to continuously improve the supply chain, providing reliable assurance for product quality.

Evaluation of Suppliers

- Conduct fair and transparent sourcing of high-quality suppliers based on product procurement technical requirements.
- Investigate suppliers by completing the *Supplier Questionnaire* and the *Supplier Quality System Review Form* (if the supplier has already obtained system certification, certification proof can be provided directly).
- Form an evaluation team comprising the procurement, quality, production, and R&D departments to conduct comprehensive supplier evaluations and complete the *Supplier Evaluation Form*.

Determination of Qualified Suppliers

- Include suppliers that pass the evaluation in the *Qualified Supplier List* and sign contracts and quality assurance agreements.

Management of Suppliers by Category

- Implement categorized management based on supply types and risk levels:
  - **Category A**: Materials and services that have a direct impact on the core performance of products;
  - **Category B**: Materials that have no direct impact on the core performance of products;
  - **Category C**: Materials that have no impact on the core performance of products.

Annual Reassessment of Suppliers

- Assign procurement personnel to manage qualified suppliers on a daily basis and conduct annual evaluations.
- Perform qualification reviews, sample requests, on-site inspections, and other activities based on the actual conditions of suppliers to ensure their continued compliance with the Group's requirements.

Supplier Access Process

2.3.2 Supplier Evaluation

To ensure the continuous and stable operation of the supply chain, the Group systematically conducts an annual supplier evaluation plan, assessing suppliers from multiple dimensions such as product quality, price competitiveness, delivery capacity, and service level. Based on the evaluation results, we have implemented graded management of our suppliers and take corresponding incentives, improvements and eliminations. During the Reporting Period, we have completed the evaluation and review of 309 suppliers.

Standards of Graded Supplier Management

Based on the evaluation results, suppliers are classified into the following three grades:

- **Class I Suppliers:** Comprehensive score ≥ 85 points. These suppliers demonstrate excellent performance in product quality, price, and delivery capacity, offering high collaborative value. They will be prioritized for deeper cooperation in areas such as supply share allocation and new product development.
- **Class II Suppliers:** Comprehensive score between 65 and 85 points. These suppliers meet basic requirements in product quality and delivery capacity, While existing collaborations may be maintained, their supply share will be reduced, and they will be required to address issues identified during the evaluation process. The Company will also strengthen follow-up monitoring of their subsequent supply performance.
- **Class III Suppliers:** Comprehensive score < 65 points. These suppliers exhibit significant deficiencies in product quality and supply capacity, and the Company will immediately terminate cooperation with them.
- **Special Clause:** For suppliers with three consecutive batches of non-conforming supplies who fail to complete rectifications within the specified period, the Company will directly terminate the cooperation.

2.3.3 Empowering Suppliers

The Group focuses on the collaborative development of the supply chain. Through participation in industry exhibitions, technical exchanges, and supplier support programs, we continuously deepen cooperative relationships, enhance supply chain capabilities, and provide solid support for product quality and technological innovation.

Empowering Blister Box Suppliers

In 2024, the Company's R&D department conducted a targeted support program to address quality issues with blister box suppliers. The blister boxes supplied by these vendors exhibited problems such as loose and easily detachable lids after sterilization, which affected product usability and quality stability.

Through online communication, technical analysis, and experimental verification, the Group's technical team proposed an improvement plan: optimizing the structural design of the blister box lids and adjusting sterilization process parameters. After the improvements, the lid stability of the blister boxes was significantly enhanced, and the issues were completely resolved. This initiative not only helped the supplier improve product quality but also further strengthened the collaborative relationship between both parties.

Incentives for Supplier Environmental Initiatives

We actively encourage suppliers to adopt environmental measures to support our sustainable development strategy.

1. **Eco-friendly packaging optimization:** We advocate for suppliers to prioritize the use of paper-based packaging materials to reduce plastic usage. We encourage suppliers to adopt reusable packaging solutions, such as recyclable boxes and materials (e.g., shock-absorbing foam, cartons, plastic tubes); Packaging materials that meet environmental standards are prioritized for reuse or eco-friendly recycling.
2. **Green transportation and consolidated shipments:** We encourage suppliers to adopt consolidated shipment methods to reduce transportation frequency and lower carbon emissions; Suppliers are encouraged to minimize packaging waste during transportation by optimizing shipment planning to achieve environmental goals.
3. **Environmental awareness and order prioritization:** Suppliers with proactive environmental initiatives are given priority in order allocation and payment under favorable conditions, encouraging continued focus on environmental issues.

2.3.4 Risk Control of Supply Chain

The Group consistently adheres to high standards in supply chain management, ensuring the integrity and stability of the supply chain while effectively addressing potential risks.

Supply Chain Integrity Management

We rigorously comply with the integrity provisions outlined in the *Staff Handbooks* and conduct supply chain integrity education in accordance with the *Staff Handbooks*. This ensures that all business interactions between employees and suppliers align with professional ethics and conduct. Through a multi-department collaborative management mechanism, we regularly conduct integrity awareness activities for suppliers, eliminating corruption risks at the source and maintaining a healthy, orderly cooperative ecosystem.

Supply Chain Stability Assurance

To address the complex market environment and evolving international trade policies, the Group continuously optimizes its supply chain management system to ensure stability and flexibility, supporting sustained business growth.

- **Inventory management:** Maintain safety stock for long-term use products to prevent stock shortages
- **Quality assurance:** Conduct comprehensive evaluations of existing suppliers delivery capabilities to ensure stable provision of products that meet quality standards
- **Response to international trade policies**: Closely monitor changes in international trade policies and adjust supply chain strategies in a timely manner to mitigate potential trade barriers and policy risks

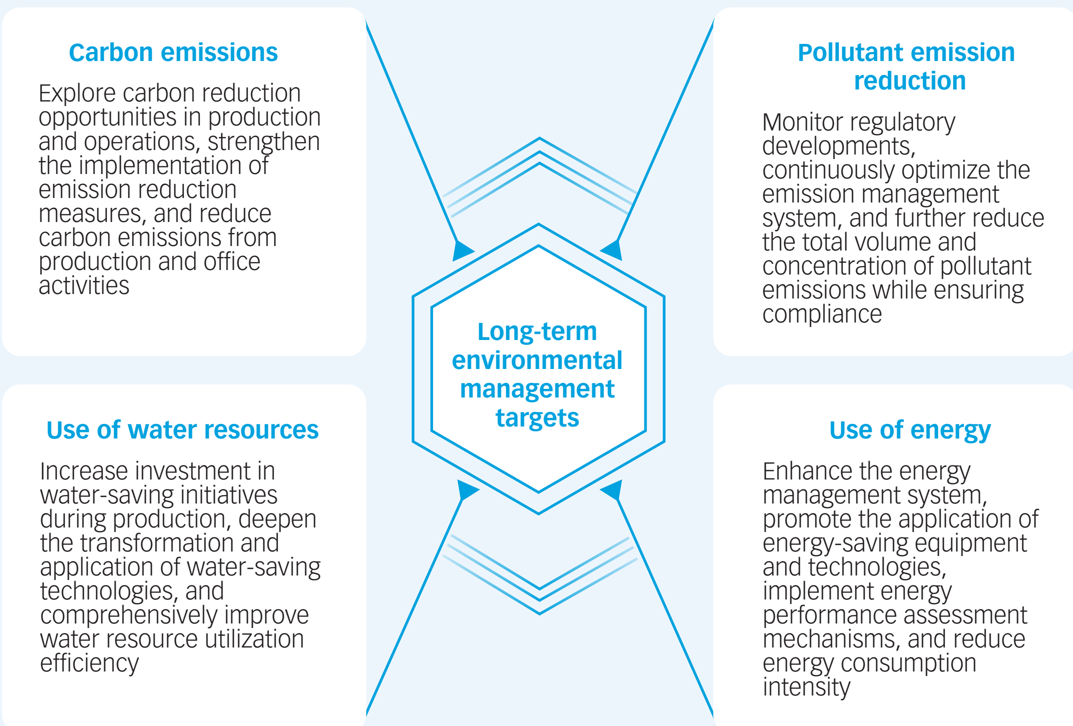
3 GREEN OPERATION

The Group integrates energy conservation and green development into its core strategy, optimizing environmental management to reduce its footprint while ensuring sustainable growth.

3.1 Environmental Management

We strictly comply with environmental laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*. We have established and improved internal procedures such as the *Work Environment Control Procedures* and the *General Production Area Management System* to standardize environmental management processes and ensure compliance with legal requirements.

Guided by the strategic goal of building a green and low-carbon enterprise, the Group closely aligns with its management practices and development needs, actively benchmarks against industry-leading practices, and systematically plans long-term environmental management objectives. We are committed to driving the effective implementation and continuous optimization of environmental policies and management measures.



Long-term Environmental Management Targets

3.2 Energy Management

The Group regards energy management as a key driver of sustainable development. By implementing precise control over energy consumption in production, operations, and daily office activities, we continuously improve energy efficiency. At the same time, we actively promote energy-saving concepts among employees, deepening their awareness and providing strong support for achieving low-carbon transformation goals.

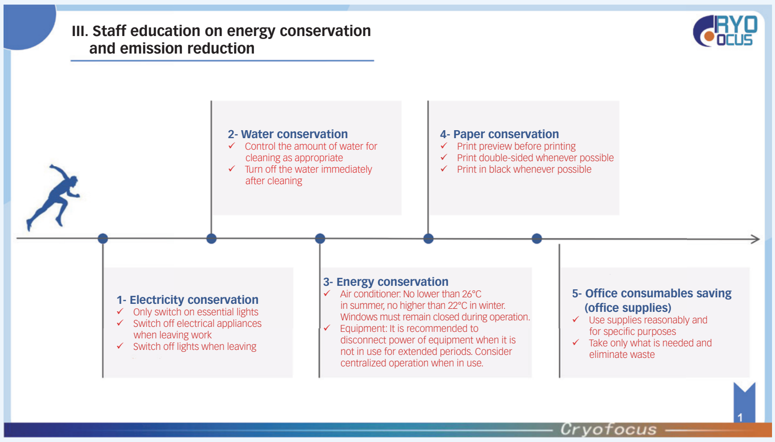
The Group's energy consumption in production and office processes primarily comes from electricity supplied by the municipal grid and gasoline used for official vehicles. The following table sets out the energy consumption and intensity data of the Group during the Reporting Period:

Energy Consumption[2] and Intensity in 2024		
Name of Indicators	**Total/Intensity**	**Unit**
Gasoline	5,173.94	Liter
Electricity	176.70	MWh
Total direct energy consumption	5.52	tce
Direct energy consumption intensity	0.00010	tce/revenue RMB thousand
Total indirect energy consumption	217.16	tce
Indirect energy consumption intensity	0.00406	tce/revenue RMB thousand
Comprehensive energy consumption	222.68	tce
Comprehensive energy consumption intensity	0.00416	tce/revenue RMB thousand

In the production process, the Group implements multiple energy-saving measures to reduce consumption and improve efficiency. We engage professionals for regular maintenance of air conditioning systems and adopt shutdown or low-frequency operation strategies during non-production hours to minimize waste. During the Reporting Period, energy use for air conditioning, lighting, and air purification systems was reduced through space renovations and centralized production. Monthly energy analysis meetings are held to review usage and optimize energy-saving plans.

In the office process, we fully adopt energy-saving equipment, using efficient lighting and appliances while promoting natural lighting to cut electricity use. A regional power switch responsibility system ensures timely management of air conditioning and lighting. Regular training and awareness campaigns enhance employee energy-saving awareness. During the Reporting Period, specialized training for new employees across departments significantly improved energy-saving practices.

[2] Energy consumption is calculated in accordance with the "General Rules for the Calculation of the Comprehensive Energy Consumption" (GB2589-2020).



Energy Saving & Emission Reduction Training

The following table sets out the data of our energy consumption and greenhouse gas emissions during the Reporting Period:

Greenhouse Gas Emissions and Intensity in 2024		
Name of Indicators	**Total/Intensity**	**Unit**
Scope I greenhouse gas emissions[3]	11.41	tCO_2e
Scope II greenhouse gas emissions[4]	1,034.73	tCO_2e
Total greenhouse gas emissions	1,046.14	tCO_2e
Greenhouse gas emission intensity	0.01954	tCO_2e/revenue RMB thousand

3.3 Use of Resources

The Group implements resource-saving strategies and continuously optimizes resource utilization efficiency to drive the achievement of long-term environmental management goals. In both production and office operations, our primary water source is municipal water supply, which is stable and sufficient. We have achieved significant results in water resource management, with a total water consumption of 7,845.90 m^3 this year and a water consumption intensity of 0.15m^3/revenue RMB thousand.

The Group explores opportunities for water conservation in production and office processes. By improving cleaning processes, we have significantly reduced water demand in cleaning operations. Additionally, we scientifically regulate production water usage and widely promote the use of water-saving equipment, taking concrete actions to enhance water efficiency. During the Reporting Period, we completed workshop renovations, adopting a centralized production model to increase cleaning batch sizes and reduce water usage per unit of material, effectively improving water resource utilization efficiency.

3 Scope I was calculated based on the low gasoline calorific value of 44.8GJ/t set out in the Study on China's Greenhouse Gas Inventory in 2005 (《2005 年中國溫室氣體清單研究》), the carbon content per unit gasoline calorific value of 0.0189tC/GJ set out in the 2006 IPCC National Greenhouse Gas Inventory Guidelines (《2006 年 IPCC 國家溫室氣體清單指南》) and the Provincial Greenhouse Gas Inventory Preparation Guidelines (Trial) (《省級溫室氣體清單編製指南(試行)》), and the gasoline carbon oxidation rate of 98% set out in the Provincial Greenhouse Gas Inventory Preparation Guidelines (Trial).

4 Scope II was calculated based on 0.5856 kgCO2/MVh, the average carbon dioxide emission factor of China's regional power grid in 2022 set out in the Announcement on the Release of the 2022 Power Carbon Emission Factors (《關於發布 2022 年電力二氧化碳排放因子的公告》) by the Ministry of Ecology and Environment.

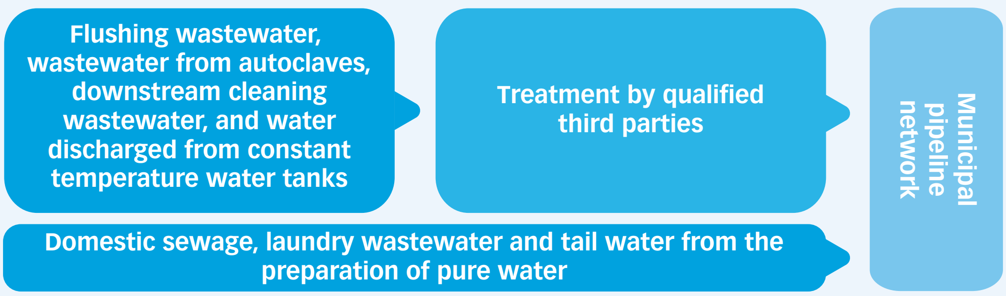
Furthermore, we are committed to promoting green packaging materials and packaging recycling, supporting the realization of circular economy goals through practical actions. We reuse sterilization transit boxes, focusing on both packaging reduction and material recycling. By optimizing packaging dimensions during the design phase, we have comprehensively improved packaging material management and reduced resource waste. The Group primarily uses paper and plastic packaging materials. During the Reporting Period, the consumption of paper packaging materials was 0.59 tons, and that of plastic packaging materials was 0.05 tons, with a packaging material use intensity of 0.00001 ton/revenue RMB thousand.

3.4 Emissions Management

The Group places great emphasis on the compliance management and standardized emission of pollutants, striving to minimize the environmental impact of our production and operational activities through scientific management and technological innovation, and continuously promote the development of an environmentally friendly enterprise.

3.4.1 Wastewater Management

The wastewater generated in our production and operation activities mainly includes flushing wastewater, wastewater from autoclaves, downstream cleaning wastewater, water discharged from constant temperature water tanks, tail water from the preparation of pure water, domestic sewage, and laundry wastewater. For these different types of wastewater, we have adopted differentiated management approaches to ensure that the wastewater is disposed of in a scientific and reasonable manner.



Wastewater Treatment Process

We engage qualified third-party agencies to conduct regular testing and strictly monitor pollutants in discharged water bodies, ensuring that wastewater discharge fully complies with national and local regulatory requirements. Additionally, we utilize a real-time monitoring platform to track and manage wastewater discharge conditions. During the Reporting Period, we added new wastewater treatment facilities to process production wastewater, ensuring compliance with discharge standards and further enhancing the standardization and environmental performance of wastewater management.

During the Reporting Period, all of our wastewater tests met the standards, with the wastewater discharge data as shown in the table below.

Wastewater Discharge Indicators in 2024		
Name of Indicators	**Total/Intensity**	**Unit**
Domestic sewage discharge volume	4,424.59	tonne
Industrial wastewater discharge volume	2,822.72	tonne

3.4.2 Waste Gas Management

The Group considers waste gas emission management a core aspect of environmental management. By strengthening control measures and optimizing treatment processes, we effectively reduce waste gas emissions generated during production and operational activities. We strictly adhere to the *Comprehensive Emission Standards for Air Pollutants* to implement standardized control over waste gas emissions.

For various types of waste gases produced during the production process, we employ activated carbon adsorption and filtration technology, combined with rooftop collection devices for centralized treatment, ensuring that waste gas emissions comply with national and local standards. Additionally, we engage qualified third-party agencies annually to conduct comprehensive testing of waste gas emission indicators, providing strong support for the compliance and sustainability of environmental management.

According to the test results of relevant waste gases, the waste gas emissions of the Company were all in compliance with the Comprehensive Emission Standards for Air Pollutants during the Reporting Period.

3.4.3 Waste Management

The Group fully implements standardized and regulated waste management, strictly adhering to relevant laws, regulations, and requirements such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes*, the *Standards for Pollution Control on Hazardous Waste Storage*, and the *Technical Specifications for Setting Identification Signs of Hazardous Waste*. We adopt scientifically appropriate disposal methods for different types of wastes to minimize the environmental impact of toxic and hazardous substances.

The waste generated from our production and operational activities is primarily categorized into general waste and hazardous waste. General waste includes waste packaging materials, metal shavings, defective products, and similar materials, while hazardous waste encompasses contaminated waste, laboratory waste, spent activated carbon, and other hazardous materials.

General waste	• General waste is packaged using cardboard boxes or plastic bags, sorted, and stored in the temporary storage area for general solid waste. • Engaged third-party institutions with proper qualifications are entrusted to regularly collect the waste, ensuring its standardized disposal.
Hazardous waste	• In strict accordance with the internally established *Management Measures for Hazardous Wastes*, hazardous waste is subject to separate management, centralized treatment, and full-process monitoring to minimize its environmental impact. • Efficient anti-leakage devices are installed to effectively prevent the leakage and diffusion of toxic and harmful substances, ensuring the safe disposal of hazardous waste.

The following table sets out the solid waste data of the Group during the Reporting Period.

Waste Indicators in 2024		
Name of Indicators	**Total/Intensity**	**Unit**
Total non-hazardous waste	15.23	tonne
Non-hazardous waste intensity	0.00028	tonne/revenue RMB thousand
Total hazardous waste	0.89	tonne
Hazardous waste intensity	0.00002	tonne/revenue RMB thousand

3.5 Response to Climate Change

The Group attaches great importance to the profound impact of climate change on corporate development and actively integrates climate factors into its strategic decision-making system. We systematically conduct the identification and assessment of climate-related risks, develop tailored risk response strategies, and continuously improve our climate risk management mechanisms. We are committed to building a more resilient development model, enhancing our climate adaptation capabilities, and driving the achievement of high-quality development for the enterprise.

During the Reporting Period, we focused on optimizing the response mechanisms for acute physical risks. For climate events such as floods, extreme heat, and extreme cold, we refined emergency plans and operational safeguards, effectively enhancing the stability of our operations under extreme weather conditions and reducing the potential impact of climate change on production and operations.

4 PEOPLE-ORIENTED CONCEPT

The Group strictly complies with employment laws, prioritizes employees, and fosters a fair and transparent work environment. We enhance compensation and benefits, support development, and optimize communication to drive mutual growth and sustainability.

4.1 Compliant Employment

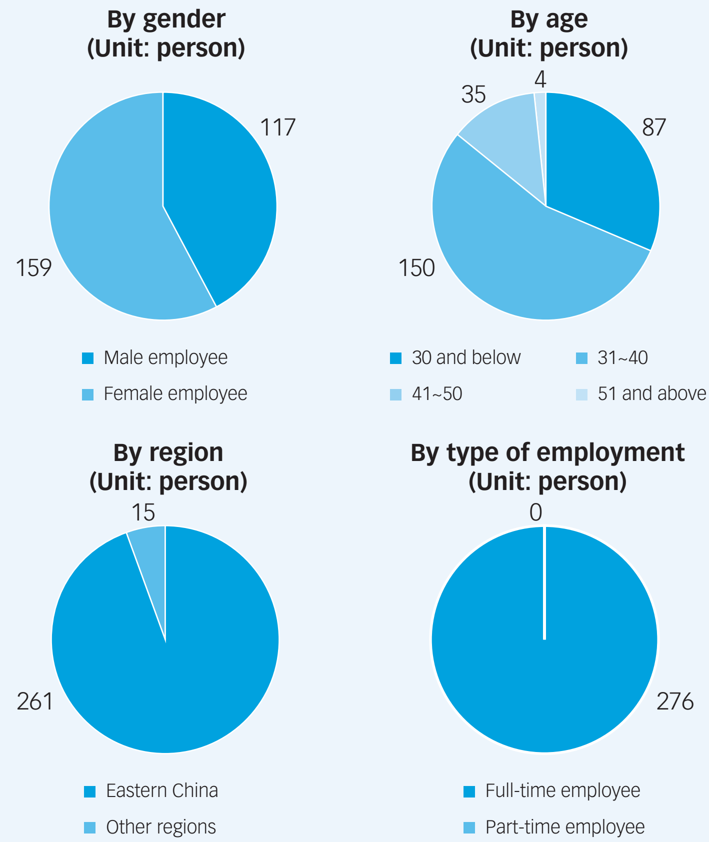
The Group strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Trade Union Law of the People's Republic of China*, the *Regulations of Shanghai Municipality on Labor Protection for Female Employees*, and other relevant laws to ensure the legality and fairness of employment policies. During the Reporting Period, we updated the *Staff Handbooks* to further clarify employees' rights and obligations, providing clear guidance and solid protection.

4.1.1 Employee Recruitment

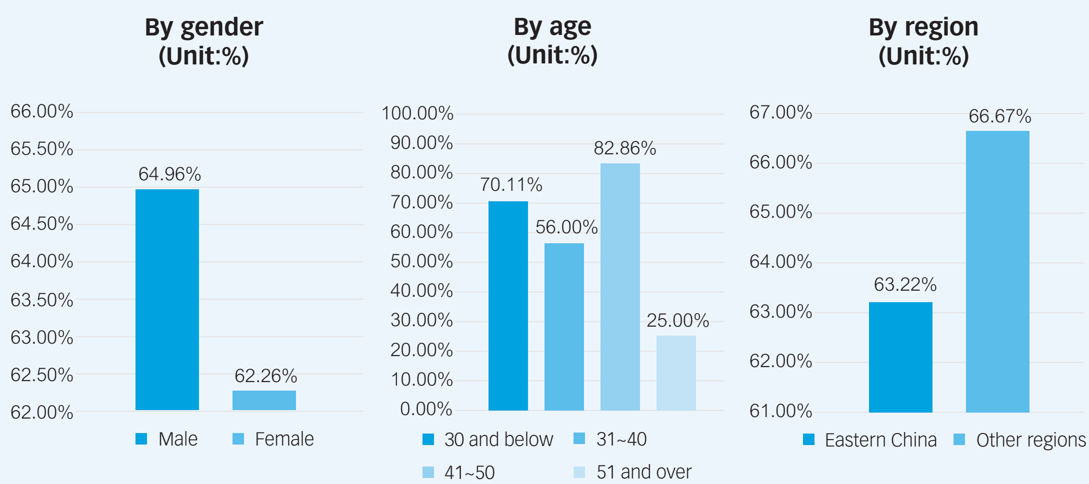
The Group utilizes diverse recruitment channels, including online platforms, campus recruitment, and internal referrals, to ensure broad and effective hiring. We continuously optimize the recruitment process, covering job posting, resume screening, multiple interviews, background checks, and onboarding. Throughout the process, we focus on candidates' work experience, professional skills, and educational background while strictly prohibiting any form of discrimination to ensure fairness and transparency.

The Group upholds the principles of equality and respect, strictly prohibiting any form of discrimination, bullying, or harassment, as well as the employment of child labor and forced labor. During recruitment and employment, we verify candidates' identity information and ensure that all employees sign labor contracts upon onboarding. We advocate for reasonable work arrangements and do not encourage unnecessary overtime. When overtime is required, we strictly comply with laws to provide overtime pay or compensatory leave, fully protecting employee rights. As of the end of the Reporting Period, no violations related to child labor or forced labor had occurred.

The Group is committed to fostering a diverse workplace and strictly prohibits discrimination based on race, color, religion, nationality, age, pregnancy, childbirth, or physical or psychological conditions. As of the end of the Reporting Period, the Group had a total of 276 full-time employees, with the overall employee turnover rate of 63.41%.



Number of Employees of the Group by Different Categories in 2024



Employee Turnover Rate of the Group by Different Categories in 2024

4.1.2 Remuneration and Benefits

The Group has established a scientific and transparent compensation management system. In accordance with the provisions of the *Staff Handbooks*, employee compensation consists of base salary, skill allowances, performance bonuses, and other components. Compensation levels are determined by comprehensively considering factors such as job responsibilities, work experience, professional capabilities, and performance. We regularly adjust overall compensation based on business conditions and external environments, while making individual adjustments for role changes, performance, and outstanding contributions to motivate employees to continuously improve their work capabilities.

The Group prioritizes employee well-being and provides a comprehensive and competitive compensation and benefits system. We strictly comply with national regulations to contribute to social insurance and the housing provident fund, while offering paid annual leave, marriage leave, maternity leave, bereavement leave, and work injury leave to ensure full protection of employee rights.

We continuously implement a performance-driven compensation mechanism, aligning employee responsibilities and performance with overall business results to achieve a balanced approach to individual and company-wide adjustments. Additionally, we explore long-term incentives, such as employee stock ownership plans, to share corporate growth benefits and enhance employees' sense of belonging and responsibility.

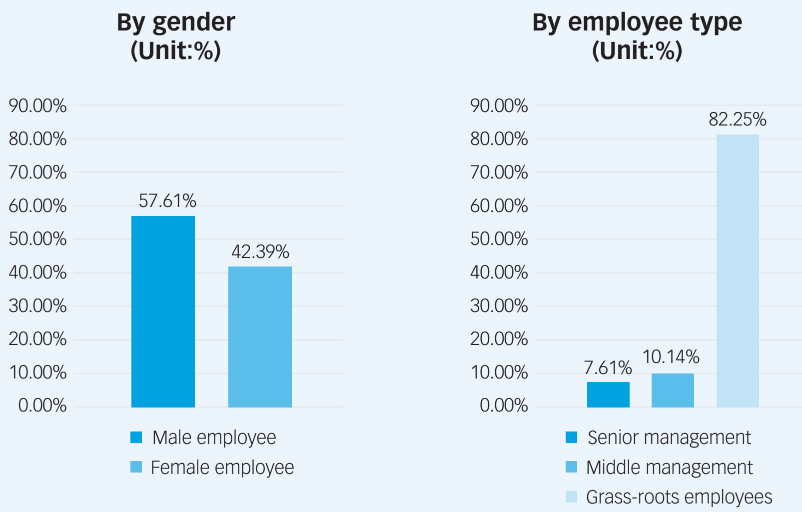
4.2 Talent Development

The Group views talent as the core driver of development and is committed to enhancing professional skills and management capabilities through a structured training system and clear career advancement paths, laying a solid foundation for sustainable growth.

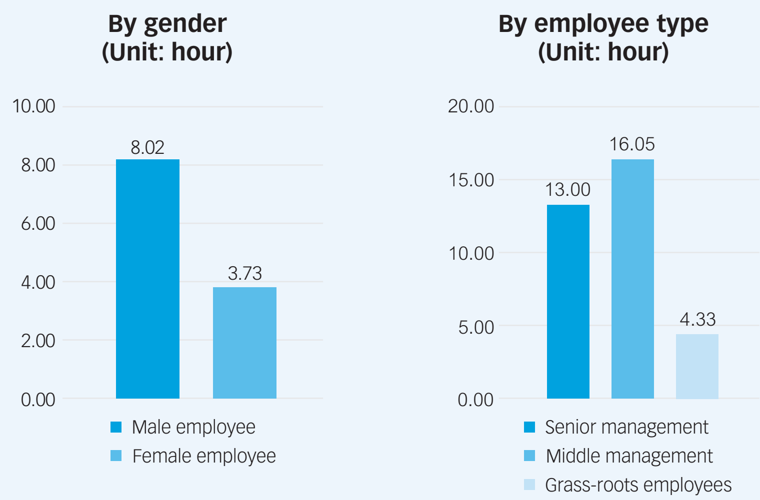
4.2.1 Employee Training

The Group has established a systematic and multi-level talent development system, combining internal and external resources to offer diverse learning opportunities. Internal training focuses on system document learning to ensure employees' in-depth understanding of the Company's policies and processes. External training emphasizes management and professional skill enhancement, including advanced leadership programs, internal auditor training, and sterile inspection training, aiming to develop high-quality management and technical talent.

During the Reporting Period, the Group focused on enhancing front-line employees' skills by improving training resources, setting up an internal trainer team, and optimizing training materials. By integrating theoretical knowledge with practical operations, we strengthened employees' overall capabilities. In 2024, the Group achieved a 100% employee training coverage rate (a significant increase from 98.72% in 2023), with a total of 2,015 employees involved and cumulative training hours reaching 1,531.50 hours.



Percentage of Employees Trained by Different Categories of the Group in 2024



Average Training Hours Completed per Employee of the Group by Different Categories in 2024

4.2.2 Employee Development

The Group has established a systematic career development system, providing employees with clear promotion pathways and supporting their professional growth through a scientific performance evaluation mechanism. Furthermore, this system creates a fair and transparent environment for employee growth, fostering mutual development and sustainable growth for both employees and the organization.

Career Development System

- **Scientific performance evaluation mechanism**
  - The evaluation scope covers new employee probation assessments, contract renewal assessments, and periodic assessments (monthly and annual).
  - Assessment content includes both qualitative and quantitative evaluations:
    - **Qualitative evaluation:** Includes general indicators such as sense of responsibility, work efficiency, and teamwork ability.
    - **Quantitative evaluation:** Based on key performance indicators (KPIs) for each position to ensure comprehensive and objective assessment results.
- **Application of assessment results**
  - Identify performance gaps and develop personalized training and development plans to enhance professional skills and work efficiency.
  - Provide a critical foundation for decisions regarding employee rewards, promotions, and transfers, thereby enhancing job-employee fit.

4.3 Employee Care

The Group upholds a people-oriented approach, providing comprehensive care and support through a diverse benefits system and open communication channels. We help employees achieve work-life balance and foster a warm and harmonious work environment.

4.3.1 Employee Care

We provide a range of non-monetary benefits, including meal allowances, holiday benefits, birthday gifts, annual health check-ups, and occasional team-building activities, aiming to enhance employee satisfaction and sense of belonging while fostering a warm and harmonious work environment.

2024 Employee Care Initiatives

- Support female employees by providing maternity care and exclusive benefits, such as International Women's Day events and gifts, demonstrating respect and care for female employees

International Women's Day Activities

- Provide year-round holiday benefits for all employees, including gift packages for the Dragon Boat Festival, Mid-Autumn Festival, Christmas, and Chinese New Year, enhancing employees' sense of belonging and well-being
- Implement a company-wide birthday benefit program, providing birthday wishes and gifts for each employee to demonstrate personalized care
- Implement a 100% coverage employee health check-up program, ensuring comprehensive care for employees' physical and mental well-being

4.3.2 Communication with Employees

The Group continues to promote democratic management by establishing an open and equal communication mechanism, encouraging employees to actively participate in corporate management and development. In December 2024, we completed the supplementary election of employee representative through a company-wide voting, and currently have a total number of 31employee representatives.

Additionally, we conduct employee satisfaction surveys to gain insights into employee needs. In 2024, we collected 17 employee suggestions and implemented 6 improvement measures to enhance satisfaction. We have also established a comprehensive complaint and reporting mechanism to ensure employees can conveniently voice their concerns.

4.4 Employee Safety

The Group always prioritizes employee safety, actively enhances the safety management system, strictly implements safety inspections, and regularly conducts safety training and drills to foster a safe and healthy working environment for employees.

4.4.1 Safe Production

The Group attaches great importance to workplace safety and continuously improves internal management systems to ensure the safety of production activities and the well-being of employees. We strictly comply with the *Work Safety Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China*, the *Shanghai Production Safety Regulations*, and other relevant laws and regulations. To ensure a safe and controlled working environment, we have established internal management policies, including the *Staff Handbooks*, the *Hazardous Materials Management Regulations*, and the *Hazardous Waste Management Regulations*. Over the past three years, the Group has recorded no work-related fatalities. During the Reporting Period, the number of working days lost due to work-related injury of the Group was 77.

Workplace Safety Measures

Safety inspections and rectifications

- Regularly inspect fire safety equipment, electrical systems, and emergency exits to ensure compliance with safety standards and implement necessary rectifications.
- Implement a dual-person, dual-lock system for hazardous chemicals management, equip monitoring facilities with network connectivity; Centrally collect and register hazardous waste, and entrust professional third parties for disposal; Conduct monthly internal safety inspections and engage third-party agencies for regular fire safety inspections.

Emergency response to safety incidents

- After an incident occurs, handle it based on the four principles: identifying the cause, determining responsibility, educating employees, and implementing corrective measures.
- Safety incidents are categorized into four stages: the early stage, the development stage, the out-of-control stage, and the recovery stage, with emergency response levels defined based on severity. In the event of a major safety incident, the Company follows a clearly defined emergency rescue process with distinct responsibilities to ensure rapid on-site control and incident resolution.

Safety training and drills

- Regularly organize safety training and drills to ensure all employees master essential evacuation skills and fire-fighting operations, enabling quick response in emergencies to minimize injuries and losses.

Safety Accident Response Levels

Response Level	Incident Status	Range of Response	Responsible Entity
Level III	1. No substantial incident has occurred yet, but there are signs of a potential accident. If preventive measures are not taken promptly, an accident may occur rapidly. 2. An incident has occurred, but the severity is minimal, resulting in minor injuries to a few individuals. The grassroots team has the capability to implement initial response measures to mitigate the impact or facilitate subsequent rescue efforts.	Workshop Level	Workshop Emergency Response Team
Level II	1. The impact of the incident exceeds the control capacity of the grassroots team. 2. The capability required to control the accident exceeds the scope of the grassroots team but is still within the scope of capacity of the Company's emergency response team. 3. The grassroots team has implemented initial response measures, but the Company's emergency response team still needs to activate the formal emergency procedure.	Company Level	Company Emergency Response Team
Level I	1. The impact of the incident significantly exceeds the control of the grassroots team and may pose a threat to human life. 2. The capacity required to control the accident exceeds the scope of capacity of the Company's emergency response team. 3. The Company's emergency response team takes emergency response measures, but still needs the support of social rescue forces, and the overall command lies in the social rescue forces.	Social Level	Social Rescue Forces

Conduct Fire Drills

During the Reporting Period, we organized a comprehensive fire drill aimed at enhancing employees' ability to respond to emergencies such as fires. In the simulated fire scenario, employees learned to use fire extinguishers and master emergency evacuation procedures through hands-on practice. Additionally, we arranged training on the use of firefighting equipment to ensure employees are proficient in operating emergency devices. After the drill, we evaluated employee performance and provided improvement suggestions to further enhance emergency response capabilities.

4.4.2 Occupational Health and Safety

The Group always prioritizes employees' health and safety, strictly complying with the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and other relevant regulations. We have established a comprehensive occupational health protection mechanism to safeguard employees' health rights. We strictly implement relevant safety standards and provide regular health check-ups for all employees, ensuring a 100% coverage rate.

5 COMMUNITY CONTRIBUTIONS

The Group actively integrates its business strengths with public welfare initiatives, leveraging its long-accumulated innovative technological capabilities and industry expertise to promote the widespread adoption and dissemination of technology, enabling more patients to benefit from innovative medical advancements.

5.1 Health Popularization

The Group continues to innovate treatment solutions, conducting multi-level technical training and health education initiatives nationwide, dedicated to advancing the development and popularization of RDN technology and enhancing public awareness and acceptance of cutting-edge treatment methods. We have launched RDN projects at different participating research centers across the country, successfully enrolling many cases with patient consent. Additionally, the Company actively provides training on RDN products and surgical procedures, enhancing the professional capabilities of researchers at participating centers and internal staff.

RDN Technology Knowledge Dissemination Training

To promote RDN technology, the Group organized a training session on January 7, 2024, for key researchers from participating centers. The training content covers the latest advancements in RDN therapy, product principles, and surgical procedures, with 16 researchers from 6 centers participating.

We also placed clinical trial materials in hospitals to educate patients about the disease and RDN treatment benefits, helping them understand and benefit from this innovative technology. Through multi-level training and outreach, we've advanced RDN's clinical application and improved public awareness of new treatment technologies.

5.2 Industry Exchange

The Group actively engages in international academic exchanges, collaborating with global peers to explore future directions for diagnosing and treating major diseases, while promoting Chinese innovative medical technologies worldwide. At the 18th Oriental Congress of Cardiology (OCC-WCC 2024), we showcased our self-developed liquid nitrogen cardiac cryoablation system, offering a high-quality minimally invasive cryotherapy platform for global hospitals and patients. Through live demonstrations, we highlighted the effectiveness of technologies like the CryoRhythm cryoablation equipment and the Cryovigour balloon cryoablation catheter, sparking in-depth discussions among global experts on liquid nitrogen cryoablation. This exchange further boosted international recognition of Chinese innovative medical devices and advanced cardiovascular disease treatment.

Moving forward, we aim to lead globally in cryotherapy for major diseases, partnering with experts to tackle challenges in atrial fibrillation treatment and deliver innovative precision medicine solutions.

HKEX GUIDE

Subject Areas, Aspects, General Disclosures and KPIs			Indexes
A. Environmental			
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. *Note: Air emissions include NO_x, SO_x and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.*	3.1 Environmental Management 3.4 Emissions Management
	KPI A1.1	The types of emissions and respective emissions data.	It is not disclosed in accordance with the materiality principle because our business generates a small amount of air emissions.
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.2 Energy Management
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.4 Emissions Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.4 Emissions Management
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	3.1 Environmental Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	3.1 Environmental Management 3.4 Emissions Management

Subject Areas, Aspects, General Disclosures and KPIs			Indexes
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*	3.1 Environmental Management
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3.2 Energy Management
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.3 Use of Resources
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	3.1 Environmental Management
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	3.1 Environmental Management 3.3 Use of Resources
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.3 Use of Resources
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	3.1 Environmental Management
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.2 Energy Management 3.3 Use of Resources 3.4 Emissions Management
Aspect A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	3.5 Response to Climate Change
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	3.5 Response to Climate Change

Subject Areas, Aspects, General Disclosures and KPIs			Indexes
B. Social			
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1 Compliant Employment
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	4.1 Compliant Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	4.1 Compliant Employment
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.4 Employee Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.4 Employee Safety
	KPI B2.2	Lost days due to work injury.	4.4 Employee Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.4 Employee Safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note: Training refers to vocational training. It may include internal and external courses paid by the employer.*	4.2 Talent Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.2 Talent Development
	KPI B3.2	The average training hours completed per employee by gender and employee category.	4.2 Talent Development

Subject Areas, Aspects, General Disclosures and KPIs			Indexes
Aspect B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	4.1 Compliant Employment
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Compliant Employment
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Compliant Employment
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.3 Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	2.3 Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	2.3 Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.3 Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	2.3 Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.1 Product Responsibility
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.1 Product Responsibility
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.1 Product Responsibility
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.2 Intellectual Property Protection
	KPI B6.4	Description of quality assurance process and recall procedures.	2.1 Product Responsibility
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	It is not applicable because our business does not involve any end consumer

Subject Areas, Aspects, General Disclosures and KPIs			Indexes
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.3 Business Ethics
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.3 Business Ethics
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.3 Business Ethics
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	1.3 Business Ethics
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	5.1 Health Popularization 5.2 Industry Exchange
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.1 Health Popularization
	B8.2	Resources contributed (e.g. money or time) to the focus area.	5.1 Health Popularization

Report of the Directors

The Board of the Company is pleased to present this report of Directors together with the consolidated financial statements of the Group for the year ended December 31, 2024.

BOARD OF DIRECTORS

The Board currently comprises three executive Directors, two non-executive Directors and four independent non-executive Directors.

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

Executive Directors

Mr. LI Kejian *(Chairman of the Board)*
Mr. ZHU Jun *(General manager)*
Mr. LIU Wei *(Chief financial officer, Board secretary and joint company secretary)*

Non-executive Directors

Mr. LV Shiwen
Mr. ZHAO Chunsheng

Independent Non-executive Directors

Dr. GAO Dayong
Mr. LIANG Hsien Tse Joseph
Dr. QIN Zheng
Dr. HU Henan

GENERAL INFORMATION

The Company was incorporated in the People's Republic of China ("**PRC**") on March 15, 2013 as a limited liability company. On July 21, 2021, the Company was converted into a joint stock company with limited liability under the PRC Company Law. The Company's H Shares were listed on the Main Board of the Stock Exchange on December 30, 2022.

PRINCIPAL ACTIVITIES

We are an innovative medical device company in China with a main focus on the field of minimally-invasive interventional cryotherapy. We use liquid nitrogen as the main cryogenic source for cryotherapy systems by leveraging our unique liquid nitrogen cryoablation technology and advanced flexible catheter technology. Since our inception in 2013, we have developed a comprehensive product portfolio mainly focusing on two therapeutic areas: (i) vascular interventional therapy for the treatment of atrial fibrillation, hypertension and other cardiovascular diseases; and (ii) natural orifice transluminal endoscopic surgery, or NOTES, for the treatment of urinary, respiratory, and digestive diseases (e.g., bladder cancer, chronic obstructive pulmonary disease, asthma, airway stenosis, gastric cancer, and esophageal cancer). We believe our competitive advantage, technologies and product pipeline have helped us establish high entry barriers difficult for our competitors to surpass.

BUSINESS REVIEW

A review of the business of the Group during the year as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion and analysis on the Group's future business development and the financial and operational key performance indicators employed by the Directors in measuring the performance of the Group's business is set out in the section headed "Management Discussion and Analysis" on pages 6 to 19 of this annual report. These discussions form part of this Directors' report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Important Events After The Reporting Period" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks Relating to Our Financial Position and Need for Additional Capital

- Our current revenue is generated from sales of a limited number of medical consumables.
- We had net cash outflows from our operating activities during the Reporting Period and we will need to obtain additional financing to fund our operations. Failure to obtain financing may materially affect the development of our product candidates and the commercialization of our approved products.
- We are exposed to credit risk in relation to prepayments and other receivables.
- We have historically received government grants for our R&D activities and we may not receive such grants in the future.
- Raising additional capital may cause dilution to our Shareholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.
- Share-based payment may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.
- Future tax payments or the discontinuation of any of the preferential tax treatments currently available to use could reduce our profitability.

Risks Relating to the Development of Our Product Candidates

- Clinical product development involves a lengthy and expensive process with an uncertain outcome.
- If we encounter difficulties or delays in enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.
- We may not be successful in developing, enhancing or adapting to new technologies and methodologies.
- Our employees, collaborators, service providers, independent contractors, principal investigators, vendors, contract research organizations and site management organizations may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could result in delay or failure to develop our product candidates.

Risks Relating to the Commercialization of Our Product Candidates

- If physicians and hospitals are not receptive to our product candidates, our results of operations may be negatively affected.

- Failure to achieve broad market acceptance could have a material adverse impact on our business and results of operations.

- If our distributors fail to expand or maintain their sales network, or if we fail to educate or manage our distributors effectively, our sales may decline.

- The growth and success of our business depends on the performance of us and our distributors in government-administered tender processes.

- The policies of centralized procurement of high-value medical consumables set by the PRC government may cover more products of our Group in the future, and the prices of such products may experience downward changes, which in turn may have a material adverse impact on our revenue, financial condition and results of operation.

- Downward changes in the pricing of our products may have a material adverse effect on our business and results of operations.

- Even if we are able to commercialize any of our product candidates, our sales may be affected by the level of medical insurance reimbursement patients receive for using our products.

Risks Relating to Extensive Government Regulations

- The research, development and commercialization of our product candidates are heavily regulated in all material aspects.

- The regulatory approval processes are lengthy, expensive and inherently unpredictable.

- We or parties on whom we rely on may fail to maintain or renew the necessary permits, licenses and certificates required for the development and production of our product candidates.

- We may not be able to comply with ongoing regulatory obligations which may result in withdrawal of approvals of our products.

- Changes in regulatory requirements may adversely affect our business.

- The implementation status of the "Two-Invoice System" for medical consumables may have a material impact on our business.

Risks Relating to Manufacture and Supply of Our Products and Product Candidates

- The manufacture of our products and product candidates is highly complex and subject to strict quality controls. Our business could suffer if our products or product candidates are not produced in compliance with all the applicable quality standards.

- We mainly rely on our production facilities in Shanghai and Ningbo for the manufacturing of our products and product candidates; any disruptions to the operation of our production facilities could materially adversely affect our business, financial condition and results of operations.

- We may be exposed to potential product liability claims, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur.

- If we fail to increase our production capacity as planned, our business prospects could be materially and adversely affected.

- We rely on a limited number of suppliers, and may not be able to secure a stable supply of qualified raw materials at all times or at all.

- An increase in the market price of our raw materials and components may adversely affect our financial position.

- Failure to manage our inventory effectively would materially and adversely affect our financial condition and results of operations.

Risks Relating to Our Intellectual Property Rights

- Failure to adequately protect our intellectual property rights may adversely affect our reputation and disrupt our business operation.

- We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming and unsuccessful. Our patent rights relating to our products and product candidates could be found invalid or unenforceable if being challenged in court or before the CNIPA or courts or related intellectual property agencies in other jurisdictions.

- Obtaining and maintaining our patent protection depends on compliance with various procedures, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

- Changes in patent laws could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

- If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims if our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

- If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Risks Relating to Our Operations

- Our future success depends on our ability to retain key executives and to attract, hire, retain and motivate other qualified and highly skilled personnel.
- We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.
- We may encounter difficulties in managing our growth and expanding our operations successfully.
- We face substantial competition and rapid market changes, and our competitors may discover, develop or commercialize competing products before or more successfully than we do, or respond and adapt to the market changes more quickly and effectively.
- We have entered into collaborations, and may establish or seek collaborations or strategic alliances or enter into licensing arrangements in the future, and we may not realize the benefits of such collaborations, alliances or licensing arrangements.
- Our future acquisitions and investments may subject us to risks and uncertainties.
- Acquisitions or strategic partnerships may increase our capital requirements, dilute our Shareholders' ownership interest, cause us to incur debt or assume contingent liabilities, and subject us to other risks.
- The medical device industry in China is rapidly evolving, and we may be unable to maintain or enhance our market share in this industry for a variety of reasons.
- If we fail to maintain effective internal controls, we may not be able to accurately report our financial results or prevent fraud.
- If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities.
- We may be subject, directly or indirectly, to applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.
- If we or our business partners fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.
- If we or our business partners fail to protect patient data and privacy, our reputation will be damaged and we might be subject to fines or other regulatory punishments.
- If our employees or distributors engage in bribery or corrupt practices or other improper conduct, we may be subject to liability and our reputation and business could be harmed.
- Our internal computer systems as well as those of our service providers may fail or suffer security breaches.
- We have limited insurance coverage which may not adequately cover all the risks and hazards associated with our operations.

- Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

- Our business significantly depends on our reputation and customer perception of us and any negative publicity on us, our Shareholders, Directors, officers, employees, suppliers, or other parties we cooperate with, or related to our industry, may materially adversely affect our business, financial condition and results of operations.

- If parties on whom we rely fail to maintain the necessary licenses for the development, production, sales and distribution of our products, our ability to conduct our business could be materially impaired.

- Fair value change of financial assets at fair value through profit or loss may affect the Group's financial performance.

- We are exposed to risks relating to our failure to complete property leasing registrations for our leased properties.

- Fluctuations in exchange rates of the Renminbi could result in foreign currency exchange losses.

- We may be subject to penalties under relevant PRC laws and regulations due to failure in full compliance with social insurance and housing provident fund regulation.

Risks Relating to Doing Business in China

- The medical device industry in China is highly regulated and such regulations are subject to change which may affect approval and commercialization of our products and product candidates.

- Changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

- The PRC legal system embodies inherent uncertainties that may affect the protection afforded to our business and our Shareholders.

- You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management based on Hong Kong or other foreign laws.

- Gains on the sales of H Shares and dividends on the H Shares may be subject to PRC income taxes.

- Governmental control of currency conversion, and restrictions on the remittance of Renminbi into and out of the PRC, may limit our ability to utilize our revenue effectively and adversely affect the value of your investment.

- Our operations are subject to and may be affected by changes in PRC tax laws and regulations.

- We may be restricted from transferring our scientific data abroad.

- The political relationships between China and other countries may affect our business operations.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth.

Further details of the Company's environmental policies and performance are disclosed in the Environmental, Social and Governance report in this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2024, there was no material breach of, or non-compliance with, applicable laws and regulations, by the Group.

HUMAN RESOURCES

As of December 31, 2024, the Group had 276 (2023: 392) full-time employees, and substantially all of them were based in China. The total employee benefits expenses of our Group, which consist of (i) terms, wages, salaries and bonuses, (ii) social security costs, (iii) employee welfare and (iv) equity-settled share awards, for the year ended December 31, 2024 were approximately RMB100.7 million (2023: approximately RMB116.9 million). We recruit our employees based on a number of factors, including our needs and expansion plans, and the candidates' work experience and educational background. We invest in continuing training programs for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. We also assess our employees based on their performance to determine their salary, promotion and career development. In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters including terms, wages, bonuses, employee benefits, and grounds for termination. In addition, we are required under PRC law to make contributions to social security insurance funds and housing funds at a certain percentage of our employees' salaries, including bonus and allowances, up to a maximum amount specified by the local government.

RETIREMENT BENEFITS SCHEME

The Group does not have any employee who is required to participate in the Mandatory Provident Fund in Hong Kong. The employees of the Group's subsidiary in the PRC are members of the state-sponsored retirement benefit scheme organized by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. The Group's contributions made to the above retirement benefits scheme is non-refundable and cannot be used to reduce the future or existing level of contribution of the Group should any forfeiture be resulted from the scheme.

Details of the pension contributions of the Company are set out in Note 2.4 and Note 6 to the consolidated financial statements in this annual report.

MAJOR SUPPLIERS

The Group selects its suppliers by considering their product quality, industry reputation and compliance with relevant regulations and industry standards.

For the year ended December 31, 2024, purchases from the Group's five largest suppliers in the aggregate amounted to RMB26.1 million (2023: RMB11.6 million), accounting for 30.1% (2023: 15.3%) of the Group's total purchases for the same year. Purchases from the Group's largest supplier for the year ended December 31, 2024 amounted to RMB11.0 million (2023: RMB3.0 million), accounting for approximately 12.7% (2023: approximately 4.0%) of the Group's total purchases for the same year.

None of the Directors, their respective close associates, or any shareholder of the Company which, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest suppliers.

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

MAJOR CUSTOMERS

For the year ended December 31, 2024, sales from the Group's five largest customers in the aggregate amounted to RMB11.4 million (2023: RMB17.0 million), accounting for 21.3% (2023: 41.5%) of the Group's total sales for the same year. Sales from the Group's largest customer for the year ended December 31, 2024 amounted to RMB2.8 million (2023: RMB5.8 million), accounting for approximately 5.2% (2023: approximately 14.1%) of the Group's total sales for the same year.

None of the Directors, their respective close associates, or any shareholder of the Company which, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest customers.

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

KEY RELATIONSHIP WITH STAKEHOLDERS

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

Relationship with Our Employees

We endeavor to cultivate talented and loyal employees by treating our employees with dignity, respect and fairness. We conduct new employee trainings, as well as professional and compliance training programs for employees. We enter into employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. The remuneration package of our employees usually includes salary, bonus and share option incentives, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

Relationship with Shareholders

We recognize the importance of protecting the interests of the Shareholders and of having effective communication with them. We believe that communication with the Shareholders is a two-way process and strive to ensure the quality and effectiveness of information disclosure, maintain regular dialog with the Shareholders and listen carefully to the views and feedback from the Shareholders. This has been done through general meetings, corporate communications, annual reports and results announcements.

BIOGRAPHIES OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of the Directors, Supervisors and the senior management of the Company are set out in the section headed "Directors, Supervisors and Senior Management" on pages 20 to 28 of this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

We have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with relevant laws and regulations, observance of the Articles of Association and provisions on arbitration.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended December 31, 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors and any of their spouse and children under the age of 18 had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

REMUNERATION OF THE DIRECTORS AND SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

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

Details of the remuneration of the Directors, Supervisors and the five highest paid individuals for the Reporting Period are set out in Note 8 and Note 9 to the consolidated financial statements in this annual report.

During the Reporting Period, there was no emolument paid by the Group to any of the Directors, Supervisors and the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office. None of the Directors waived or agreed to waive any emoluments for the year ended December 31, 2024.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, none of the Directors and Supervisors nor any entity connected with the Directors or Supervisors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party subsisting during or at the end of the year ended December 31, 2024.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no controlling shareholders or their respective subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party subsisting during or at the end of the year ended December 31, 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the Prospectus and save for their respective interests in the Group, none of the Directors was interested in any business which competes or is likely to compete, directly or indirectly, with the businesses of the Group for the year ended December 31, 2024.

From time to time, our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are neither our controlling shareholders nor members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

Non-Competition Undertaking

Our Controlling Shareholders provided a non-competition undertaking (the "**Non-Competition Undertaking**") in favor of us, pursuant to which our Controlling Shareholders undertook not to, and to procure their respective close associate(s) (as appropriate) (other than our Group) not to, either directly or indirectly, compete with our business, which includes innovative products for minimally-invasive interventional cryotherapy and certain non-cryotherapy products in the categories of magnetic rings, digestive endoscopic anastomosis medical devices, single hole laparoscopic surgical approach system and related accessories, lung puncture localization, balloon dilatation catheters for endoscopic use and atrial fibrillation pulsed field ablation systems ("**Restricted Activities**") and granted our Group the option for new business opportunities. Our Controlling Shareholders have further irrevocably undertaken in the Non-Competition Undertaking that, during the term of the Non-Competition Undertaking, they will not, and will also procure their respective close associate(s) (as appropriate) (other than our Group) not to, alone or with a third party, in any form, directly or indirectly, engage in, participate in, support to engage in or participate in any business that competes, or is likely to compete, directly or indirectly, with the Restricted Activities.

The Controlling Shareholders confirmed that they and their respective close associates (other than the Group) had complied with the Non-Competition Undertaking for the year ended December 31, 2024. The independent non-executive Directors conducted a review of compliance with such undertaking for the year ended December 31, 2024 and were satisfied that the Non-Competition Undertaking had been fully complied with for the year ended December 31, 2024.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered or existed during the year ended December 31, 2024.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details on related party transactions for the year ended December 31, 2024 are set out in Note 31 to the consolidated financial statements in this annual report.

The following transactions would be regarded as continuing connected transactions of our Company subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Master Lease Agreement

a) Description of the Transaction

Our Company (for and on behalf of ourselves and our subsidiaries) entered into a master lease agreement dated December 9, 2022 (the "**Master Lease Agreement**") with Ningbo Linfeng (one of the Controlling Shareholders) (for and on behalf of itself and its subsidiaries), pursuant to which we may lease from Ningbo Linfeng properties in the Linfeng Medical Technology Campus (麟灃醫療科技產業園) located at No. 777, Binhai 4th Road, Hangzhou Bay New District, Ningbo (the "**Campus**") for use as plants and staff quarters. Our subsidiary, Ningbo SensCure has been leasing properties in the Campus for its business operations. Any relocation may cause unnecessary disruption to our business operation and incur unnecessary costs.

Our Group and Ningbo Linfeng and/or its subsidiaries will enter into separate lease agreements which will set out the specific terms and conditions according to the principles in the Master Lease Agreement. The Master Lease Agreement is effective from the Listing Date till December 31, 2024 and may be renewed conditional on the fulfillment of the relevant requirements under the relevant laws, regulations and the Listing Rules.

As of December 31, 2022, 2023 and 2024, the total value of right-of-use assets relating to the leases entered into by our Group under the Master Lease Agreement was RMB6,122,790, RMB4,768,574 and RMB1,354,992, respectively. For the three years ended December 31, 2022, 2023 and 2024, the aggregate short-term lease payments and other charges under the Master Lease Agreement were RMB1,143,210, RMB1,723,923 and RMB2,325,501, respectively.

The Master Lease Agreement is on normal commercial terms or better. The rental was determined by our Group and Ningbo Linfeng through arm's length negotiation based on a number of factors, including but not limited to the prevailing market rental rate of similar property located in the vicinity, the area leased and the term of the lease. Other charges under the Master Lease Agreement, which include property management fees and water and electricity fees, were arrived at after arm's length negotiation between the parties with reference to the area of the leased properties, the water and electricity fees prescribed by the relevant governmental department and the actual usage of water and electricity.

b) Listing Rules Implications

According to HKFRS 16 Leases which was adopted by our Group effective from January 1, 2019, where (i) the lease term of a lease has a non-cancellable period and (ii) such period is covered by an option to extend the lease with reasonable certainty that the lessee will exercise that option or such period is covered by an option to terminate the lease with reasonable certainty that the lessee will not exercise that option, such lease will be recognized as right-of-use assets. Since our Group is reasonably certain to exercise the option to extend the leases for plants with Ningbo Linfeng under the Master Lease Agreement because our Group has made some leasehold improvements at the plants which have an estimated useful life of five years, the leases of such plants by our Group as a lessee are recognized as right-of-use assets. As such, our Company is required to set annual caps based on the total value of right-of-use assets relating to such leases to be entered into by our Group as a lessee in each year under the Master Lease Agreement. Further, according to HKFRS 16 Leases, the recognition exemption (i.e. not to recognize a lease liability and a right-of-use asset at the commencement of a lease) applies where the lease, as of its commencement date, has a lease term of 12 months or less, or where a lease of low-value assets having a value of US$5,000 or less is concerned. As such, the leases for staff quarters under the Master Lease Agreement are regarded as short-term lease payments, and such short-term lease payments and other charges under the Master Lease Agreement are recognized as expenses incurred by our Group. As such, our Company is required to set annual caps for such short-term lease payments and other charges payable by our Group in each year under the Master Lease Agreement.

For the years ended December 31, 2022, 2023 and 2024, (i) the proposed annual caps on the year-end total value of right-of-use assets relating to the leases to be or expected to be entered into by our Group under the Master Lease Agreement are RMB7,934,000, RMB5,935,000 and RMB3,891,000, respectively, and (ii) the proposed annual caps for the maximum aggregate annual amount of short-term lease payments and other charges under the Master Lease Agreement are RMB1,405,925, RMB2,627,252 and RMB3,327,252, respectively. The respective proposed annual caps for the transactions contemplated under the Master Lease Agreement were determined with reference to (i) the existing lease contracts that our Group has entered into with Ningbo Linfeng which in particular, included a new lease our Group entered into with Ningbo Linfeng after the end of the Track Record Period (as defined in the Prospectus) in respect of new manufacturing plants to prepare for commercialization of our Bladder Cryoablation System and Endoscopic Clip for Anastomosis, (ii) the historical rental and expected fluctuation in the rental, (iii) the historical property management fees and water and electricity fees paid by us during the Track Record Period, and (iv) the estimated property management fees and water and electricity fees payable by us under the Master Lease Agreement.

The historical transactions entered into with Ningbo Linfeng in respect of lease arrangements have been, and the transactions contemplated under the Master Lease Agreement will be, entered into in the ordinary and usual course of business of our Company, on normal commercial terms or better. As each of the applicable percentage ratios in respect of the transactions contemplated under the Master Lease Agreement will, as our Company currently expects, be less than 5% on an annual basis but the total consideration on an annual basis is more than HK$3 million, the transactions contemplated under the Master Lease Agreement would, upon Listing, be subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver in relation to the above transactions under Chapter 14A of the Listing Rules.

Renewed Master Lease Agreement

a) Description of the Transaction

On December 31, 2024, the Company (for and on behalf of itself and its subsidiaries) entered into a master lease agreement dated December 31, 2024 with Ningbo Linfeng (one of the Controlling Shareholders) (for and on behalf of itself and its subsidiaries) (the "**Renewed Master Lease Agreement**") with Ningbo Linfeng (for and on behalf of itself and its subsidiaries) to renew the Master Lease Agreement for a term of three years commencing on January 1, 2025 and ending on December 31, 2027 (both dates inclusive), subject to the terms of the Renewed Master Lease Agreement.

Pursuant to the Renewed Master Lease Agreement, it is agreed that (i) the Group may lease from Ningbo Linfeng properties in the Linfeng Medical Technology Campus (麟灃醫療科技產業園) located at No. 777, Binhai 4th Road, Hangzhou Bay New District, Ningbo, PRC, and Ningbo Linfeng may provide property management services in respect of any such leased properties, and (ii) the Group and Ningbo Linfeng and/or its subsidiaries may enter into separate lease agreements, which shall be in compliance with the Renewed Master Lease Agreement and set out specific terms and conditions (including payment terms).

The Renewed Master Lease Agreement is on normal commercial terms or better. The rental shall be determined by the Company and Ningbo Linfeng through arm's length negotiation based on a number of factors, including but not limited to the prevailing market rental of similar properties located in the vicinity, the areas leased and the term of the lease. Other charges under the Renewed Master Lease Agreement include property management fees and public utility fees. Property management fees shall be arrived at after arm's length negotiation between the Company and Ningbo Linfeng with reference to the area of the leased properties and the composite price index in Ningbo. Public utility fees, such as water and electricity fees, shall be arrived at after arm's length negotiation between the Company and Ningbo Linfeng with reference to the fees prescribed by the relevant governmental departments or where such prescribed fees are not available, the prevailing market rates, and the actual usage of the utilities.

b) **Listing Rules Implications**

According to HKFRS 16 Leases which was adopted by the Group effective from January 1, 2019, where (i) the lease term of a lease has a noncancellable period and (ii) such period is covered by an option to extend the lease with reasonable certainty that the lessee will exercise that option or such period is covered by an option to terminate the lease with reasonable certainty that the lessee will not exercise that option, such lease will be recognized as right-of-use assets. The value of the right-of-use assets would be determined after taking into account (i) the maximum aggregate rental under the lease having regard to, among others, the conditions of the properties (including but not limited to locations, areas leased and prevailing market rental of similar properties located in the vicinity), and (ii) the estimated present value of the maximum aggregate rental under the lease to be recorded as right-of-use assets in the financial statements using the incremental borrowing rate as the discount rate. Given that the Group is reasonably certain to exercise the option to extend the leases for plants with Ningbo Linfeng under the Renewed Master Lease Agreement, the leases for such plants by the Group as a lessee are recognized as right-of-use assets. As such, the Company is required to set annual caps based on the total value of right-of-use assets relating to such leases to be entered into by the Group as a lessee in each relevant year under the Renewed Master Lease Agreement.

Further, according to HKFRS 16 Leases, the recognition exemption (i.e. not to recognize a lease liability and a right-of-use asset at the commencement of a lease) applies where the lease, as at its commencement date, has a lease term of 12 months or less, or where a lease of low-value assets having a value of US$5,000 or less is concerned. As such, the leases for staff quarters under the Renewed Master Lease Agreement are to be regarded as short-term lease payments, and such short-term lease payments, together with other charges under the Renewed Master Lease Agreement (which include property management fees and public utility fees), are recognized as expenses incurred by the Group. As such, the Company is required to set annual caps for such short-term lease payments and other charges payable by the Group in each relevant year under the Renewed Master Lease Agreement.

Confirmation from Independent Non-executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, all the independent non-executive Directors have reviewed the aforesaid continuing connected transactions conducted by the Group for the year ended December 31, 2024, and confirmed that the Master Lease Agreement and the Renewed Master Lease Agreement have been entered into: (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the Master Lease Agreement and the Renewed Master Lease Agreement governing them, on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmations from the Company's Independent Auditor

In accordance with Rule 14A.56 of the Listing Rules, the Group has engaged its auditor (the "**Auditor**") to report on the aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued its unqualified letter containing its findings and conclusions in respect of the aforesaid continuing connected transactions conducted by the Group for the year ended December 31, 2024.

The related party transactions during the Reporting Period as disclosed in Note 31 to the consolidated financial statements in this annual report (excluding the transactions described above) are fully exempt connected transactions or continuing connected transactions pursuant to Rule 14A.76 of the Listing Rules. Save as disclosed above, (i) none of the related party transactions constituted a connected transaction or continuing connected transaction which is subject to the Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules; and (ii) there was no connected transaction nor continuing connected transaction of the Group which has to be disclosed in accordance with the Chapter 14A of the Listing Rules during the Reporting Period. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules (if applicable) in respect of the aforementioned transactions.

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

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

Name of Director/Supervisor/ Chief Executive	Capacity/nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company[(1)]	Approximate percentage of shareholding in the relevant proportion of Shares[(2)]
Mr. ZHU Jun (朱軍) ("**Mr. Zhu**")[(3)]	Beneficial owner; interest in a controlled corporation	Unlisted Shares H Shares	9,721,236 4,166,244	4.07% 1.74%	10.16% 2.90%
Mr. Lv	Beneficial owner; interest in a controlled corporation; interest held jointly with another person	Unlisted Shares H Shares	80,434,090 52,610,766	33.64% 22.00%	84.07% 36.68%

Notes:

(1) The calculation is based on the total number of 239,110,000 Shares in issue as of December 31, 2024.

(2) The calculation is based on the total number of 95,671,421 Unlisted Shares and 143,438,579 H Shares in issue as of December 31, 2024.

(3) As of December 31, 2024, Mr. Zhu, our executive Director, beneficially owned 1,030,697 Unlisted Shares and 441,727 H Shares of our Company. As of December 31, 2024, Mr. Zhu owned approximately 38.77% in Ningbo Hongyingkang as one of its limited partners. As such, under the SFO, Mr. Zhu is deemed to be interested in the 8,690,539 Unlisted Shares and 3,724,517 H Shares held by Ningbo Hongyingkang.

(4) As of December 31, 2024, Mr. Lv beneficially owned 4,373,998 Unlisted Shares and 17,495,990 H Shares of our Company. As of December 31, 2024, Mr. Lv owned approximately 37.22% in Ningbo Maishang as one of its limited partners. As such, under the SFO, Mr. Lv is deemed to be interested in the 8,972,712 Unlisted Shares and 3,845,448 H Shares held by Ningbo Maishang. Further, pursuant to a concert party agreement dated April 26, 2021 entered into by Ms. Li and Mr. Lv, Ms. Li and Mr. Lv confirmed that they have been acting in concert in exercising Shareholders' rights pertaining to our Group (including our Company and Ningbo SensCure) since January 1, 2014, and they have agreed to continue to act in concert and reach consensus on proposals related to the daily management and operation of our Group presented to general meetings of the Shareholders for voting. As of December 31, 2024, Ms. Li beneficially owned 97,600 H Shares of our Company. Further, as of December 31, 2024, Ningbo Linfeng was owned as to 65% by Shanghai Shidi which was in turn wholly owned by Ms. Li. Further, as of December 31, 2024, Ms. Li controlled the executive partner of each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui, namely, Shanghai Shidi Biotechnology Co., Ltd. (上海仕地生物科技有限公司) ("**Shidi Biotechnology**"). Shidi Biotechnology is entitled to exercise the voting power held by each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui in our Company pursuant to their respective partnership agreements. As of December 31, 2024, Tongshang Linfeng Equity Investment Partnership (Limited Partnership) (寧波通商麟灃股權投資合夥企業(有限合夥)) ("**Tongshang Linfeng**") was owned as to approximately 49.02% by Ningbo Linfeng as a limited partner. As such, under the SFO, Ms. Li is also deemed to be interested in the 76,060,092 Unlisted Shares and 35,017,176 H Shares held by Shanghai Shidi, Ningbo Linfeng, Ningbo Maishang, Ningbo Hongyingkang, Ningbo Kangrui and Tongshang Linfeng.

Save as disclosed above, as of December 31, 2024, so far as it was known to the Directors, Supervisors or chief executive of the Company, none of the Directors, Supervisors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of December 31, 2024, so far as the Directors are aware, the following persons had or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long Positions in the Shares of Our Company

Name of shareholder	Capacity/nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company[1]	Approximate percentage of shareholding in the relevant proportion of Shares[2]
Ms. LI Hui (李輝) ("**Ms. Li**")[3]	Beneficial owner; interest in controlled corporations; interest held jointly with another person; interest of spouse	Unlisted Shares H Shares	80,434,090 60,483,766	33.64% 25.30%	84.07% 42.17%
Mr. WU Jianhui (鄔建輝)[3]	Beneficial owner; interest of spouse	H Shares	60,483,766	25.30%	42.17%
Mr. LV Shiwen (呂世文) ("**Mr. Lv**")[3]	Beneficial owner; interest in a controlled corporation; interest held jointly with another person	Unlisted Shares H Shares	80,434,090 52,610,766	33.64% 22.00%	84.07% 36.68%
Ningbo Linfeng Biotechnology Co.,Ltd. (寧波麟灃生物科技有限公司) ("**Ningbo Linfeng**")[4]	Beneficial owner; interest in controlled corporations	Unlisted Shares H Shares	66,058,120 30,730,616	27.63% 12.85%	69.05% 21.42%
Shanghai Shidi Industrial Development Co.,Ltd. (上海仕地實業發展有限公司) ("**Shanghai Shidi**")[4][5]	Beneficial owner; interest in controlled corporations	Unlisted Shares H Shares	76,060,092 35,017,176	31.81% 14.64%	79.50% 24.41%
Shanghai Shidi Biotechnology Co.,Ltd. (上海仕地生物科技有限公司) ("**Shidi Biotechnology**")[4]	Interest in controlled corporations	Unlisted Shares H Shares	21,519,825 9,222,783	9.00% 3.86%	22.49% 6.43%
Mr. ZHU Jun (朱軍) ("**Mr. Zhu**")[6]	Beneficial owner; interest in a controlled corporation	Unlisted Shares H Shares	9,721,236 4,166,244	4.07% 1.74%	10.16% 2.90%
Ningbo Maishang Investment L. P. (Limited Partnership) (寧波脈尚投資合夥企業(有限合夥)) ("**Ningbo Maishang**")	Beneficial owner	Unlisted Shares H Shares	8,972,712 3,845,448	3.75% 1.61%	9.38% 2.68%

Name of shareholder	Capacity/nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company[1]	Approximate percentage of shareholding in the relevant proportion of Shares[2]
Ningbo Hongyingkang Enterprise Management Partnership (Limited Partnership) (寧波弘盈康企業管理合夥企業(有限合夥)) ("**Ningbo Hongyingkang**")	Beneficial owner	Unlisted Shares H Shares	8,690,539 3,724,517	3.63% 1.56%	9.08% 2.60%
Zhuhai Junheng Investment L. P. (Limited Partnership) (珠海鈞恒投資合夥企業(有限合夥)) ("**Junheng**")[7]	Beneficial owner	Unlisted Shares H Shares	9,669,480 9,647,080	4.04% 4.03%	10.11% 6.73%
Shenzhen Gao Ling Tiancheng III Investment Co.,Ltd. (深圳高領天成三期投資有限公司)[7]	Interest in controlled corporations	Unlisted Shares H Shares	9,669,480 9,647,080	4.04% 4.03%	10.11% 6.73%
Ms. ZHANG Haiyan (張海燕)[7]	Interest in controlled corporations	Unlisted Shares H Shares	13,537,272 5,801,688	5.66% 2.43%	14.15% 4.04%
Shenzhen Gao Ling Muqi Equity Investment Fund L. P. (Limited Partnership) (深圳高領慕祺股權投資基金合夥企業(有限合夥))[7]	Interest in controlled corporations	Unlisted Shares H Shares	13,537,272 5,801,688	5.66% 2.43%	14.15% 4.04%
Xiamen Gao Ling Ruiqi Equity Investment Fund L. P. (Limited Partnership) (廈門高領瑞祺股權投資基金合夥企業(有限合夥))[7]	Interest in controlled corporations	Unlisted Shares H Shares	13,537,272 5,801,688	5.66% 2.43%	14.15% 4.04%
Suzhou Industrial Park New Phase 2 Venture Capital Enterprise (Limited Partnership) (蘇州工業園區新建元二期創業投資企業(有限合夥)) ("**Suzhou New Phase 2 VC**")[8]	Beneficial owner	H Shares	12,283,500	5.14%	8.56%
Suzhou YuanBio Private Equity Fund Management Partnership Enterprise (Limited Partnership) (蘇州元生私募基金管理合夥企業(有限合夥))[8]	Interest in controlled corporations	H Shares	12,283,500	5.14%	8.56%
Suzhou Industrial Park Zhinuo Business Information Consulting Co.,Ltd. (蘇州工業園區智諾商務信息諮詢有限公司)[8]	Interest in controlled corporations	H Shares	12,283,500	5.14%	8.56%

Name of shareholder	Capacity/nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company[(1)]	Approximate percentage of shareholding in the relevant proportion of Shares[(2)]
Mr. CHEN Jie (陳杰)[(8)]	Interest in controlled corporations	H Shares	12,283,500	5.14%	8.56%
Hangzhou Proxima Venture Investment L. P. (Limited Partnership) (杭州比鄰星創業投資合夥企業(有限合夥)) ("**Hangzhou Proxima**")[(9)]	Beneficial owner	H Shares	8,047,944	3.37%	5.61%
Mr. SUN Xiaolu (孫曉路)[(9)]	Interest in controlled corporations	Unlisted Shares H Shares	3,782,406 11,830,350	1.58% 4.95%	3.95% 8.25%
Hangzhou Proxima Innovative Investment Management L. P. (Limited Partnership) (杭州比鄰星創新投資管理合夥企業(有限合夥))[(9)]	Interest in controlled corporations	Unlisted Shares H Shares	3,782,406 11,830,350	1.58% 4.95%	3.95% 8.25%
Shanghai Proxima Asset Management Co., Ltd. (上海比鄰星資產管理有限公司)[(9)]	Interest in controlled corporations	Unlisted Shares H Shares	3,782,406 11,830,350	1.58% 4.95%	3.95% 8.25%
FutureX Investment I Company Limited[(10)]	Beneficial owner	H Shares	7,963,128	3.33%	5.55%
FutureX Capital Limited[(10)]	Interest in controlled corporations	H Shares	7,963,128	3.33%	5.55%
FutureX Fund Management (Hong Kong) Limited[(10)]	Investment manager	H Shares	7,963,128	3.33%	5.55%
FutureX ICT Opportunity Fund II LP[(10)]	Interest in controlled Corporations	H Shares	7,963,128	3.33%	5.55%
FutureX Innovation II Limited[(10)]	Interest in controlled corporations	H Shares	7,963,128	3.33%	5.55%
Ms. ZHANG Qian (張倩)[(10)]	Interest in controlled corporations	H Shares	7,963,128	3.33%	5.55%
Shengshan Asset Management (Shanghai) Co.,Ltd. (盛山資產管理(上海)有限公司)[(11)]	Interest in controlled corporations	H Shares	6,072,552	2.54%	4.23%
Mr. GAN Shixiong (甘世雄)[(11)]	Interest in controlled corporations	H Shares	6,072,552	2.54%	4.23%

Notes:

(1) The calculation is based on the total number of 239,110,000 Shares in issue as of December 31, 2024.

(2) The calculation is based on the total number of 95,671,421 Unlisted Shares and 143,438,579 H Shares in issue as of December 31, 2024.

(3) Pursuant to a concert party agreement dated April 26, 2021 entered into by Ms. Li and Mr. Lv, Ms. Li and Mr. Lv confirmed that they have been acting in concert in exercising Shareholders' rights pertaining to our Group (including our Company and Ningbo SensCure) since January 1, 2014, and they have agreed to continue to act in concert and reach consensus on proposals related to the daily management and operation of our Group presented to general meetings of the Shareholders for voting. As of December 31, 2024, Mr. Lv beneficially owned 4,373,998 Unlisted Shares and 17,495,990 H Shares of our Company. As of December 31, 2024, Mr. Lv owned approximately 37.22% in Ningbo Maishang as one of its limited partners. As such, under the SFO, Mr. Lv is deemed to be interested in the 8,972,712 Unlisted Shares and 3,845,448 H Shares held by Ningbo Maishang. As of December 31, 2024, Ms. Li beneficially owned 97,600 H Shares of our Company. Further, as of December 31, 2024, Ningbo Linfeng was owned as to 65% by Shanghai Shidi which was in turn wholly owned by Ms. Li. Further, as of December 31, 2024, Ms. Li controlled the executive partner of each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui Investment Management Partnership (Limited Partnership) (寧波康鋭投資管理合夥企業(有限合夥)) ("**Ningbo Kangrui**"), namely, Shidi Biotechnology. Shidi Biotechnology is entitled to exercise the voting power held by each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui in our Company pursuant to their respective partnership agreements. As of December 31, 2024, Tongshang Linfeng Equity Investment Partnership (Limited Partnership) (寧波通商麟灃股權投資合夥企業(有限合夥)) ("**Tongshang Linfeng**") was owned as to approximately 49.02% by Ningbo Linfeng as a limited partner. As of December 31, 2024, Mr. WU Jianhui (鄔建輝), the spouse of Ms. Li, owned 7,873,000 H Shares of our Company. As such, under the SFO, Ms. Li is deemed to be interested in the 76,060,092 Unlisted Shares and 42,890,176 H Shares held by Shanghai Shidi, Ningbo Linfeng, Ningbo Maishang, Ningbo Hongyingkang, Ningbo Kangrui, Tongshang Linfeng and Mr. WU Jianhui (鄔建輝).

(4) As of December 31, 2024, Ningbo Linfeng beneficially owned 44,538,295 Unlisted Shares and 19,087,841 H Shares of our Company. As of December 31, 2024, the executive partner of each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui, namely, Shidi Biotechnology, is wholly owned by Ningbo Linfeng. Shidi Biotechnology is entitled to exercise the voting power held by each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui in our Company pursuant to their respective partnership agreements. As such, under the SFO, Shidi Biotechnology and Ningbo Linfeng are deemed to be interested in the 21,519,825 Unlisted Shares and 9,222,783 H Shares held by Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui. Further, as of December 31, 2024, Tongshang Linfeng was owned as to approximately 49.02% by Ningbo Linfeng as a limited partner. As such, under the SFO, Ningbo Linfeng is also deemed to be interested in the 2,419,992 H Shares held by Tongshang Linfeng.

(5) As of December 31, 2024, Shanghai Shidi beneficially owned 10,001,972 Unlisted Shares and 4,286,560 H Shares of our Company. As of December 31, 2024, Ningbo Linfeng was owned as to 65% by Shanghai Shidi. As such, under the SFO, Shanghai Shidi is deemed to be interested in the 66,058,120 Unlisted Shares and 30,730,616 H Shares held by Ningbo Linfeng, Ningbo Maishang, Ningbo Hongyingkang, Ningbo Kangrui and Tongshang Linfeng.

(6) As of December 31, 2024, Mr. Zhu, our executive Director, beneficially owned 1,030,697 Unlisted Shares and 441,727 H Shares of our Company. As of December 31, 2024, Mr. Zhu owned approximately 38.77% in Ningbo Hongyingkang as one of its limited partners. As such, under the SFO, Mr. Zhu is deemed to be interested in the 8,690,539 Unlisted Shares and 3,724,517 H Shares held by Ningbo Hongyingkang.

(7) Junheng is a limited partnership established in the PRC, whose general manager is Shenzhen Gao Ling Tiancheng III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司), which is owned as to 55% by Ms. ZHANG Haiyan (張海燕). Further, Junheng is owned as to approximately 50.11% and 36.42% by its limited partners, Shenzhen Gao Ling Muqi Equity Investment Fund L.P. (Limited Partnership) (深圳高瓴慕祺股權投資基金合夥企業(有限合夥)) and Xiamen Gao Ling Ruiqi Equity Investment Fund L.P. (Limited Partnership) (廈門高瓴瑞祺股權投資基金合夥企業(有限合夥)), respectively. As such, under the SFO, Shenzhen Gao Ling Tiancheng III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司), Ms. ZHANG Haiyan (張海燕), Shenzhen Gao Ling Muqi Equity Investment Fund L.P. (Limited Partnership) (深圳高瓴慕祺股權投資基金合夥企業(有限合夥)) and Xiamen Gao Ling Ruiqi Equity Investment Fund L.P. (Limited Partnership) (廈門高瓴瑞祺股權投資基金合夥企業(有限合夥)) are deemed to be interested in the 9,669,480 Unlisted Shares and 9,647,080 H Shares held by Junheng.

(8) Suzhou New Phase 2 VC is a limited partnership established in the PRC, which is managed by its general partner, Suzhou YuanBio Private Equity Fund Management Partnership Enterprise (Limited Partnership) (蘇州元生私募基金管理合夥企業(有限合夥)), whose general partner is Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. (蘇州工業園區智諾商務信息諮詢有限公司), which is owned as to 99% by Mr. CHEN Jie (陳杰). As such, under the SFO, Suzhou YuanBio Private Equity Fund Management Partnership Enterprise (Limited Partnership) (蘇州元生私募基金管理合夥企業(有限合夥)), Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. (蘇州工業園區智諾商務信息諮詢有限公司) and Mr. CHEN Jie (陳杰) are deemed to be interested in the 12,283,500 H Shares held by Suzhou New Phase 2 VC.

(9) Each of Hangzhou Proxima and Suzhou Proxima Venture Investment L.P. (Limited Partnership) (蘇州比鄰星創業投資合夥企業(有限合夥)) ("**Suzhou Proxima**") is a limited partnership established in the PRC and is managed by its general partner, Hangzhou Proxima Innovative Investment Management L.P. (Limited Partnership) (杭州比鄰星創新投資管理合夥企業(有限合夥)), whose general partner is Shanghai Proxima Asset Management Co., Ltd. (上海比鄰星資產管理有限公司), which is owned as to 90% by Mr. SUN Xiaolu (孫曉路), our former non-executive Director. As such, under the SFO, Hangzhou Proxima Innovative Investment Management L.P. (Limited Partnership) (杭州比鄰星創新投資管理合夥企業(有限合夥)), Shanghai Proxima Asset Management Co., Ltd. (上海比鄰星資產管理有限公司) and Mr. SUN Xiaolu (孫曉路) are deemed to be interested in 3,782,406 Unlisted Shares and 11,830,350 H Shares held by Hangzhou Proxima and Suzhou Proxima.

(10) FutureX Investment I Company Limited is a limited company incorporated in Hong Kong and is wholly owned by FutureX ICT Opportunity Fund II LP, whose general partner is FutureX Innovation II Limited, which is in turn indirectly wholly owned by Ms. ZHANG Qian (張倩). FutureX Fund Management (Hong Kong) Limited is the Investment Manager of FutureX ICT Opportunity Fund II LP. FutureX Fund Management (Hong Kong) Limited is a limited company incorporated in Hong Kong and is wholly owned by FutureX Capital Limited, which is in turn indirectly wholly owned by Ms. ZHANG Qian (張倩). As such, under the SFO, FutureX ICT Opportunity Fund II LP, FutureX Innovation II Limited, FutureX Fund Management (Hong Kong) Limited, FutureX Capital Limited and Ms. ZHANG Qian (張倩) are deemed to be interested in the 7,963,128 H Shares held by FutureX Investment I Company Limited.

(11) Shanghai Shengshan Xingqian Venture Capital Center (Limited Partnership) (上海盛山興錢創業投資中心(有限合夥)) ("**Shengshan Xingqian**") is a limited partnership established in the PRC and is managed by its general partner, Shengshan Asset Management (Shanghai) Co., Ltd. (盛山資產管理(上海)有限公司) ("**Shengshan Asset Management**"). Suzhou Shengshan Huiying Venture Capital Enterprise (Limited Partnership) (蘇州盛山滙贏創業投資企業(有限合夥)) ("**Shengshan Huiying**") is a limited partnership established in the PRC and is managed by its general partner, Suzhou Shengshan Chuanghe Venture Capital Center (Limited Partnership) (蘇州盛山創禾創業投資中心(有限合夥)) whose general partner is Shengshan Asset Management. Shengshan Asset Management is owned as to 51% by Mr. GAN Shixiong (甘世雄). As such, under the SFO, Shengshan Asset Management and Mr. GAN Shixiong (甘世雄) are deemed to be interested in the 6,072,552 H Shares held by Shengshan Xingqian and Shengshan Huiying.

Save as disclosed above, as of December 31, 2024, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company, other than the Directors and chief executive of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

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

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2024. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the year ended December 31, 2024.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended December 31, 2024 and details of the Shares issued during the year ended December 31, 2024 are set out in Note 26 to the consolidated financial statements in this annual report.

DEBENTURES ISSUED

The Group did not issue any debenture during the year ended December 31, 2024.

BANK LOANS AND OTHER BORROWINGS

As of December 31, 2024, the Group had total bank loans of RMB30.0 million denominated in RMB at fixed annual interest rate. The annual interest rate of RMB20.0 million is 3.45%, and the rest amount is 3.5%. Details of the bank borrowings of the Group as at December 31, 2024 are set out in Note 23 to the consolidated financial statements in this annual report.

CONVERTIBLE BONDS

As of December 31, 2024, the Company has not issued any convertible bonds.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

As of December 31, 2024, the Company has not entered into any loan agreement which contains covenants requiring specific performance of the controlling shareholders.

DIVIDENDS

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

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

PERMITTED INDEMNITY

Directors, supervisors' and senior management's liability insurance is currently in place and was in place for the directors, supervisors and senior management of the Company and its subsidiaries in respect of potential costs and liabilities arising from claims that may be brought against the directors, supervisors and senior management during the Reporting Period.

DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company did not have any distributable reserves.

CHARITABLE DONATIONS

During the year ended December 31, 2024, the Group did not make any charitable donations (2023: nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 13 to the consolidated financial statements in this annual report.

USE OF PROCEEDS FROM LISTING

Use of Proceeds from the Listing

The Company was listed on the Main Board of the Stock Exchange on December 30, 2022. The net proceeds raised from the issue of new H Shares by the Company from the Listing (after deducting the underwriting fees and related Listing expenses) amounted to approximately HK$139.9 million.

As disclosed in the Company's announcement dated March 27, 2024 (the "**UOP Announcement**"), the Board announced that it had resolved to change the use of the unutilized portion of the net proceeds from the issue of new H Shares on the Stock Exchange in connection with the Global Offering (after deducting the underwriting fees and related listing expenses), which amounted to approximately HK$66.48 million as of March 27, 2024, to deploy such unutilized net proceeds more efficiently and facilitate an effective use of the financial resources of the Group. The proposed changes in the use of such unutilized net proceeds were duly approved by the Shareholders at the AGM. For further details, please refer to the Company's announcements dated March 27, 2024 and June 14, 2024, and the Company's circular dated April 26, 2024, respectively.

The net proceeds have been allocated and fully utilized in accordance with the purposes and proportions set out in the Prospectus or the UOP Announcement (as the case may be) during the Reporting Period. The following table sets forth the status of the use of revised allocation of the net proceeds as of the date of the UOP Announcement and December 31, 2024, and a summary of their utilization as of December 31, 2024.

Use of proceeds from Listing	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus *(HK$ million)*	Actual use of net proceeds from the Listing Date to the date of the UOP Announcement *(HK$ million)*	Revised allocation of the unutilized net proceeds following the UOP Announcement *(HK$ million)*	Amount utilized after the date of the UOP Announcement and up to December 31, 2024 *(HK$ million)*	Unutilized net proceeds as of December 31, 2024 *(HK$ million)*
For the Core Products					
1. Research and development activities, commercial launch (including sales and marketing) and manufacturing of the Bladder Cryoablation System	81.40	29.34	–	–	–
2. Research and development activities, commercial launch (including sales and marketing) and manufacturing of the Endoscopic Clip for Anastomosis	22.00	7.58	–	–	–
For research and development activities, planned commercial launch and manufacturing of our AF Cryoablation System	8.50	8.50	–	–	–
For research and development activities, registration filings, and planned commercial launch and manufacturing of the remaining 14 products and product candidates in our current product pipeline	28.00	28.00	66.48	66.48	–
Total	**139.90**	**73.42**	**66.48**	**66.48**	–

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 1 to the consolidated financial statements in this annual report.

CORPORATE GOVERNANCE

A report on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 29 to 45 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available and within the knowledge of the Directors, the Company has maintained the prescribed public float as required under the Listing Rules as at the date of this annual report.

TAX RELIEF AND EXEMPTION

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

FINANCIAL SUMMARY

The Company's H Shares were listed on the Stock Exchange on December 30, 2022. A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years, is set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

AUDITOR

The H Shares were listed on the Stock Exchange on December 30, 2022, and there has been no change in auditors since the Listing Date. The consolidated financial statements for the year ended December 31, 2024 have been prepared by Ernst & Young, the auditor of the Company, who will retire at the conclusion of the AGM and being eligible, offer itself for reappointment. A resolution for the re-appointment of by Ernst & Young as the auditor of the Company will be proposed at the AGM.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

COMPLETION OF H SHARE FULL CIRCULATION

On March 7, 2024, the China Securities Regulatory Commission (中國證券監督管理委員會) (the "**CSRC**") issued a filing notice (the "**Filing Notice**") to the Company in respect of an application made by the Company on behalf of certain Shareholders to the CSRC for the conversion of a total of 29,341,981 Unlisted Shares held by such Shareholders into H Shares and the listing thereof on the Stock Exchange (the "**Conversion and Listing**"). According to the Filing Notice, the filing in relation to the Conversion and Listing to the CSRC has been completed.

Further, on April 3, 2024, the approval of the listing of, and the permission to deal in, 29,341,981 H Shares, representing the maximum number of Unlisted Shares to be converted under the Conversion and Listing, was granted by the Stock Exchange, subject to fulfillment of all other conditions of the Conversion and Listing.

On September 5, 2024, the conversion of 29,341,981 Unlisted Shares into H Shares was completed. The listing of the converted H Shares on the Stock Exchange first commenced at 9:00 a.m. on September 6, 2024.

For further details, please refer to the Company's announcements dated March 11, 2024, April 3, 2024 and September 5, 2024.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Proposed amendments to the Articles of Association

On March 31, 2025, the Board announced that it has resolved and proposed to amend the Articles of Association to make slight adjustments to certain provisions in the Articles of Association after taking into consideration, among others, the operation and management needs of the Company, and to make certain housekeeping amendments to the Articles of Association (the "**Proposed Amendments**").

Pursuant to the Articles of Association and the applicable laws and regulations in the PRC, the Proposed Amendments are subject to the approval of the Shareholders by way of a special resolution at a general meeting. A special resolution to consider and approve the Proposed Amendments will be proposed at the AGM in due course.

For further details, please refer to the Company's announcement dated March 31, 2025.

Provision of loans to the Group by the controlling shareholders of the Company

Ningbo Linfeng and Ms. Li, the controlling shareholders of the Company, have provided the Group loans in the respective amounts of RMB45,000,000 and USD2,350,000 for 24 months from March 15, 2025. The provision of loans by Ningbo Linfeng and Ms. Li to the Group constitutes continuing connected transactions fully exempt from the independent Shareholders'approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

By Order of the Board
Cryofocus Medtech (Shanghai) Co., Ltd.
Mr. LI Kejian
Chairman of the Board

Hong Kong, March 31, 2025

Report of the Supervisors

With the joint efforts of all Supervisors of the Company, in accordance with the laws and regulations such as the PRC Company Law and the provisions of the Articles of Association and the Rules of Procedures for Meeting of the Board of Supervisors, the Board of Supervisors, in the spirit of being responsible to all shareholders of the Company, conscientiously performed the duties and powers granted by relevant laws and regulations, actively and effectively carried out the work, supervised the compliance of the operation of the Company and the performance of duties by Directors and senior management of the Company, and safeguarded the legitimate rights and interests of the Company as well as its Shareholders.

The work of the Board of Supervisors in 2024 and the work plan for 2025 are hereby reported as follows:

I. WORK OF THE BOARD OF SUPERVISORS IN 2024

In 2024, the Board of Supervisors convened and held 2 meetings of the Board of Supervisors pursuant to the laws. The notice, convening and voting procedures for the meetings were in compliance with the requirements of the PRC Company Law and other laws and regulations as well as the Articles of Association and the Rules of Procedures for the Board of Supervisors. The work of the Board of Supervisors mainly included:

1. Attending general Shareholders' meetings of the Company to understand the operation of the general Shareholders' meetings;

2. Attend the meetings of the Board of Directors of the Company to understand the operation of the Board of Directors;

3. Review the financial reports of the Company and the audit reports submitted by accounting firm.

II. OPINIONS ON THE BOARD OF SUPERVISORS DURING THE REPORTING PERIOD

(i) Compliance of the Operation

The members of the Board of Directors and senior management of the Company operated in strict compliance with the relevant provisions of the PRC Company Law and the Articles of Association, diligently and responsibly performed their duties with a scientific and reasonable decision-making process, earnestly implemented each resolution of the general Shareholders' meetings, and they were not aware of any illegal act or actions against the interests of the Company.

(ii) Financial Position of the Company

The Board of Supervisors reviewed and agreed with the audited consolidated financial statements for the year ended December 31, 2024, and believed that the financial statements of the Company has given an objective and true view of the financial position and the operating results of the Company and is free of false representations, misleading statements and material omissions.

(iii) Internal Control

Based on the relevant regulations of the PRC Company Law and the Articles of Association together with its actual condition, the Company established a comprehensive internal management and internal control system, which ensures the normal operation of the Company. The Company has a complete internal control organization and an internal audit department with sufficient staff to ensure full and effective implementation and supervision of the Company.

(iv) Integrity and Self-discipline

The Directors and senior management of the Company strictly regulated themselves to abide by the laws and regulations with honesty and self-discipline, and no illegal acts due to personal interests were found.

III. WORK PLAN FOR 2025

The Board of Supervisors will further regulate the work of the Board of Supervisors in accordance with the PRC Company Law, the Articles of Association as well as relevant laws and regulations, reinforce its supervision and safeguard the interests of the Company and its Shareholders by, among other things,

(1) attending general Shareholders' meetings of the Company and paying close attention to the operation of the general Shareholders' meetings as well as the Company's business decisions to ensure normal operation of the Company;

(2) attending the meetings of Board of Directors of the Company and continuing to actively participate in various work meetings organized and convened by the Company to keep abreast of the operation of the Board of Directors and the development of the Company's operation to ensure the standardized operation of the Company;

(3) further reinforcing the supervision and inspection of the financial position of the Company; and

(4) supervising the compliance and due diligence of the Directors and senior management of the Company.

The Board of Supervisors
Cryofocus Medtech (Shanghai) Co., Ltd.

March 31, 2025

Independent Auditor's Report

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To the shareholders of Cryofocus Medtech (Shanghai) Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Cryofocus Medtech (Shanghai) Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 113 to 169, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS *(Continued)*

Key audit matters	How our audit addressed the key audit matter
Recognition and Measurement of Research and Development Costs ("R&D costs")	
The Group incurred R&D costs of RMB73,455,000 in the consolidated financial statements for the year ended December 31, 2024, mainly consisting of staff costs, cost of materials and consumables, and service fees paid to contract research organisations, clinical site management operators and clinical trial centres (collectively referred to as "Outsourced Service Providers"). We identified the recognition and measurement of R&D costs as a key audit matter due to its significant amount and risk of R&D-related staff costs, third-party contracting costs and cost of materials and consumables not accurately recognised. The accounting policy and the disclosure for significant accounting judgement related to R&D expenses have been disclosed in notes 2.4, 3 and 6 to financial statements.	• We obtained an understanding of the key internal controls related to the Group's R&D recognition and measurement process. • We evaluated the accrual and allocation of R&D-related staff costs by checking to the working time records maintained by the R&D department. • We reviewed the R&D-related costs of materials and consumables by inspecting, on a sample basis, the purchase orders, payment slips, materials requisition and other supporting documents of materials and consumables. • We reviewed the key terms set out in the agreements with the Outsourced Service Providers, and we evaluated the progress of R&D projects based on inquiry with project managers, inspection of supporting documents and obtaining confirmations from the Outsourced Service Providers, on a sample basis. • We performed analytical procedures for R&D expenses, inquired about the reasons and reasonableness of various cost fluctuations of each R&D project; and also performed cut off procedures to determine whether these costs were recorded in the appropriate reporting period.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lam Wai Ming, Ada.

Certified Public Accountants
Hong Kong

March 31, 2025

Consolidated Statement of Profit or Loss

Year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**53,531**	40,950
Cost of sales		**(15,121)**	(9,898)
Gross profit		**38,410**	31,052
Other income and gains	5	**20,733**	14,959
Research and development expenses		**(73,455)**	(76,129)
Selling and distribution expenses		**(14,130)**	(5,692)
Administrative expenses		**(81,151)**	(69,003)
Other expenses		**(461)**	(282)
Finance costs	7	**(1,089)**	(651)
LOSS BEFORE TAX	6	**(111,143)**	(105,746)
Income tax expenses	10	**(134)**	–
LOSS FOR THE YEAR		**(111,277)**	(105,746)
Attributable to:			
Owners of the parent		**(104,365)**	(97,486)
Non-controlling interests		**(6,912)**	(8,260)
		(111,277)	(105,746)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For loss for the year	12	**RMB(0.44)**	RMB(0.41)

Consolidated Statement of Comprehensive Income

Year ended December 31, 2024

	2024 **RMB'000**	2023 RMB'000
LOSS FOR THE YEAR	**(111,277)**	(105,746)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**216**	(41)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**216**	(41)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(111,061)**	(105,787)
Attributable to:		
Owners of the parent	**(104,149)**	(97,527)
Non-controlling interests	**(6,912)**	(8,260)
	(111,061)	(105,787)

Consolidated Statement of Financial Position

December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**30,436**	40,165
Right-of-use assets	14	**8,184**	11,112
Other intangible assets	15	**3**	22
Other non-current assets	16	**12,465**	11,607
Total non-current assets		**51,088**	62,906
CURRENT ASSETS			
Inventories	17	**29,872**	24,354
Trade receivables	18	**–**	–
Prepayments, other receivables and other assets	19	**22,828**	22,088
Restricted cash	20	**1**	71
Cash and cash equivalents	20	**45,458**	103,402
Total current assets		**98,159**	149,915
CURRENT LIABILITIES			
Trade payables	21	**1,205**	906
Other payables and accruals	22	**21,841**	25,637
Interest-bearing bank borrowings	23	**30,000**	–
Lease liabilities	14	**5,604**	3,247
Contract liabilities	25	**1,165**	992
Total current liabilities		**59,815**	30,782
NET CURRENT ASSETS		**38,344**	119,133
TOTAL ASSETS LESS CURRENT LIABILITIES		**89,432**	182,039
NON-CURRENT LIABILITIES			
Lease liabilities	14	**7,720**	7,764
Deferred income	24	**2,781**	815
Total non-current liabilities		**10,501**	8,579
NET ASSETS		**78,931**	173,460
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	**239,110**	239,110
Reserves	27	**(165,262)**	(77,645)
		73,848	161,465
Non-controlling interests		**5,083**	11,995
Total equity		**78,931**	173,460

Mr. LI Kejian
Director

Mr. ZHU Jun
Director

Consolidated Statement of Changes in Equity

Year ended December 31, 2024

	Attributable to owners of the parent							
	Share capital (note 26) RMB'000	Share premium* (note 27) RMB'000	Exchange fluctuation reserve* (note 27) RMB'000	Share option reserve* (note 28) RMB'000	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at January 1, 2024	239,110	299,768	(89)	253,638	(630,962)	161,465	11,995	173,460
Loss for the year	–	–	–	–	(104,365)	(104,365)	(6,912)	(111,277)
Other comprehensive income for the year:								
Exchange differences related to foreign operations	–	–	216	–	–	216	–	216
Total comprehensive loss for the year	–	–	216	–	(104,365)	(104,149)	(6,912)	(111,061)
Equity-settled share option arrangements (note 28)	–	–	–	16,532	–	16,532	–	16,532
As at December 31, 2024	239,110	299,768	127	270,170	(735,327)	73,848	5,083	78,931

	Attributable to owners of the parent							
	Share capital (note 26) RMB'000	Share premium* (note 27) RMB'000	Exchange fluctuation reserve* (note 27) RMB'000	Share option reserve* (note 28) RMB'000	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at January 1, 2023	239,110	299,768	(48)	233,780	(533,476)	239,134	20,255	259,389
Loss for the year	–	–	–	–	(97,486)	(97,486)	(8,260)	(105,746)
Other comprehensive loss for the year:								
Exchange differences related to foreign operations	–	–	(41)	–	–	(41)	–	(41)
Total comprehensive loss for the year	–	–	(41)	–	(97,486)	(97,527)	(8,260)	(105,787)
Equity-settled share option arrangements (note 28)	–	–	–	19,858	–	19,858	–	19,858
As at December 31, 2023	239,110	299,768	(89)	253,638	(630,962)	161,465	11,995	173,460

* These reserve accounts comprise the consolidated reserves of negative RMB165,262,000 (2023: negative RMB77,645,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended December 31, 2024

	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(111,143)**	(105,746)
Adjustments for:		
Finance costs	**1,089**	651
Depreciation of property, plant and equipment	**6,264**	5,420
Amortisation of other intangible assets	**19**	18
Depreciation of right-of-use assets	**5,573**	3,990
Impairment of other receivables	**281**	269
Impairment of property, plant and equipment	**6,383**	–
Impairment of right-of-use assets	**2,937**	–
Foreign exchange difference, net	**(1,160)**	(1,700)
Loss on disposal of items of property, plant and equipment	**6**	–
Loss on termination of a lease	**176**	13
Equity-settled share option arrangements	**16,532**	19,858
Provision for inventories	**247**	279
	(72,796)	(76,948)
Increase in inventories	**(5,765)**	(4,705)
Increase in prepayments, other receivables and other assets	**(3,734)**	(6,539)
Increase/(decrease) in trade payables	**299**	(857)
Decrease in other payables and accruals	**(2,985)**	(4,514)
Increase in deferred income	**1,966**	14
Increase/(decrease) in contract liabilities	**173**	(2,272)
Decrease/(increase) in restricted cash	**70**	(71)
Cash generated from operations	**(82,772)**	(95,892)
Income tax paid	**(134)**	–
Net cash flows used in operating activities	**(82,906)**	(95,892)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(1,880)**	(15,103)
Net cash flows used in investing activities	**(1,880)**	(15,103)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	**35,740**	–
Repayment of bank loans	**(5,740)**	–
Principal portion of lease payments	**(4,145)**	(5,446)
Listing expenses	**–**	(8,238)
Interest paid	**(389)**	–
Net cash flows from/(used in) financing activities	**25,466**	(13,684)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(59,320)**	(124,679)
Cash and cash equivalents at beginning of year	**103,402**	226,422
Effect of foreign exchange rate changes, net	**1,376**	1,659
CASH AND CASH EQUIVALENTS AT END OF YEAR	**45,458**	103,402

1. CORPORATE AND GROUP INFORMATION

Cryofocus Medtech (Shanghai) Co., Ltd. (the "Company") is a joint stock company with limited liability established in the People's Republic of China ("PRC"). The registered office of the Company is located at Building 15, Lane 3399, Kangxin Road, Pudong New District, Shanghai, the PRC.

During the year, the Group was principally engaged in the following activities:

- research and development, manufacture and sale of cryoablation minimally-invasive interventional treatment technology and related medical products
- manufacture and sale of minimally-invasive surgical consumables

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on December 30, 2022.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Ningbo SensCure Biotechnology Co., Ltd. ("SensCure") (寧波勝杰康生物科技有限公司)*	People's Republic of China ("PRC")/Mainland China September 28, 2011	RMB60,000,000	100%	–	Research, development of technology and manufacture and sale of related products
Cryofocus America Inc.*	California, The United States of America January 4, 2018	USD1,000,000	100%	–	Research and development of cryoablation medical devices and provision of related technical consultation service
Beijifeng Biotechnology (Shanghai) Co., Ltd. (北極灃生物科技(上海)有限公司) *	PRC/Mainland China April 9, 2021	RMB41,765,000	71.83%	–	Research, development of technology and manufacture and sale of related products
Huifeng Biotechnology (Shanghai) Co., Ltd. (暉灃生物科技(上海)有限公司) *	PRC/Mainland China April 9, 2021	RMB79,208,000	50.50%	–	Research, development of technology and manufacture and sale of related products
Ningbo Beijifeng Biotechnology Co., Ltd. (寧波北極灃生物科技有限公司)*	PRC/Mainland China November 16, 2022	RMB20,000,000	–	71.83%	Manufacture of medical devices and sale of related products
Ningbo Huifeng Biotechnology Co., Ltd. (寧波暉灃生物科技有限公司)*	PRC/Mainland China November 14, 2022	RMB30,000,000	–	50.50%	Manufacture of medical devices and sale of related products
Jadefeng Medtech (Shanghai) Co., Ltd. (迦德灃生物科技(上海)有限公司)*	PRC/Mainland China July 7, 2023	RMB10,000,000	100%	–	Research, development of technology and manufacture and sale of related products

* These entities are limited liability enterprises established under PRC law, except for Cryofocus America Inc.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The Group recorded a net loss of RMB111,277,000 with a net operating cash outflow amounted to RMB82,906,000 for the year ended 31 December 2024, due to the fact that the majority of its new research and development businesses were in the pre-revenue stage. In view of these circumstances, the Group's management prepared a cash flow forecast which covers a period of twelve months from the end of the reporting period after taking into consideration of financial resources available to the Group, including cash and cash equivalents on hand and the related party loans from the controlling shareholders.

Subsequent to 31 December 2024, the controlling shareholders have provided the Group the related party loans with RMB45,000,000 and USD2,350,000 in total for 24 months from 15 March 2025. The controlling shareholder agreed to provide the Group with sufficient financial support for a period of 12 months from 31 December 2024.

The cash flow forecast indicates that the Group will have sufficient financial resources to settle the borrowings and payables that will be due in the next twelve months. Therefore, the directors are of the opinion that there are no material uncertainties that may cast significant doubt over the going concern assumption and concluded it is appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

2. ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

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

2.2 Changes in accounting policies and disclosures

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

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

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures *(Continued)*

The nature and the impact of the revised HKFRS Accounting Standards are described below: *(Continued)*

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

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

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

2.3 Issued but not yet effective HKFRS Accounting Standards

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

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not yet effective HKFRS Accounting Standards *(Continued)*

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after January 1, 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not yet effective HKFRS Accounting Standards *(Continued)*

Amendments to HKFRS 9 and HKFRS 7 Contracts Referencing Nature-dependent Electricity clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not yet effective HKFRS Accounting Standards *(Continued)*

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 Material accounting policies

Fair value measurement

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

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

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

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

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Impairment of non-financial assets

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

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

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

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

Related parties

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

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

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

or

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Related parties *(Continued)*

A party is considered to be related to the Group if: (continued)

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Buildings	5%
Plant and machinery	20%
Motor vehicles	24%
Office equipment	20%
Leasehold improvements	20% to 33%

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

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

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

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

Intangible assets (other than goodwill)

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

Below intangible assets is amortised on the straight-line basis over the following useful economic life:

Software	5 years

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

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

Leases

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Leases *(Continued)*

Group as a lessee

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

(a) Right-of-use assets

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

Buildings	2 to 5 years

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

(b) Lease liabilities

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

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

The Group applies the short-term lease recognition exemption to its short-term leases of any building (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

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

Impairment of financial assets

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Impairment of financial assets *(Continued)*

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

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

The Group's financial liabilities include trade payables, other payables and accruals and interest-bearing bank borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

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

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

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

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

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Income tax *(Continued)*

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

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

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

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

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

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

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

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

(a) Sale of medical consumables and devices

Revenue from the sale of medical consumables and devices is recognised at the point in time when the control of the asset is transferred to the customers, generally on delivery of the medical consumables.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Other income

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

Contract liabilities

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

Share based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share option scheme, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees for share grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 28 to the financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Share based payments *(Continued)*

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

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

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

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

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

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material accounting policies *(Continued)*

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

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

The functional currency of certain overseas subsidiary is currency other than the RMB. As at the end of the reporting period, the assets and liabilities of this entity are translated into RMB at the exchange rate prevailing at the end of the reporting period and that statement of profit or loss is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Research and development costs

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

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details are included in note 10.

Share option scheme

The Group has set up the share compensation plan for the Company's directors and the Group's employees.

Estimating fair value for share option scheme transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the volatility, risk-free interest rate and exercise multiple and making assumptions about them.

For the measure for the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share option scheme transactions are disclosed in note 28.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows.

4. OPERATING SEGMENT INFORMATION

Operating segment information

The Group is engaged in research and development of medical consumables and devices, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

Since nearly all of the Group's revenue was generated from sale of medical consumables and devices in Mainland China and nearly all of the Group's non-current assets were located in Mainland China, no further geographical segment information in accordance with HKFRS 8 *Operating Segments* is presented.

Information about major customers

Revenue of approximately RMB2,784,000 (2023: RMB5,752,000) was derived from sale of medical consumables and devices to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Revenue from contracts with customers		
Sale of medical devices and consumables	**53,531**	40,950

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 ***RMB'000***	2023 *RMB'000*
Goods transferred at a point in time	**53,531**	40,950

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(a) Disaggregated revenue information *(Continued)*

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 **RMB'000**	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Medical consumables	**964**	3,160

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of medical consumables and devices

The performance obligation is satisfied upon delivery and inspection of the medical consumables and devices, where payment in advance is normally required.

An analysis of other income and gains is as follows:

	2024 **RMB'000**	2023 RMB'000
Other income		
Government grants (note)	**19,271**	12,025
Bank interest income	**227**	1,223
Others	**75**	11
	19,573	13,259
Gains		
Foreign exchange differences, net	**1,160**	1,700
	20,733	14,959

Note: There are no unfulfilled conditions or contingencies relating to these grants.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	**2024** **RMB'000**	2023 RMB'000
Cost of inventories sold		**15,121**	9,898
Depreciation of property, plant and equipment	*13*	**6,264**	5,420
Amortisation of other intangible assets	*15*	**19**	18
Depreciation of right-of-use assets	*14*	**5,573**	3,990
Research and development expenses		**73,455**	76,129
Lease payments not included in the measurement of lease liabilities	*14*	**526**	697
Auditor's remuneration		**1,950**	2,200
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**64,819**	62,926
Pension scheme contributions		**14,661**	18,405
Equity-settled share option arrangements		**16,532**	19,858
Foreign exchange differences, net	*5*	**(1,160)**	(1,700)
Provision for inventories		**247**	279
Impairment of other receivables	*19*	**281**	269
Impairment of property, plant and equipment	*13*	**6,383**	–
Impairment of right-of-use assets	*14*	**2,937**	–

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 **RMB'000**	2023 RMB'000
Interest on bank loans	**389**	–
Interest on lease liabilities	**700**	651
	1,089	651

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Fees	**–**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**4,295**	4,887
Equity-settled share option arrangements	**10,209**	10,300
Pension scheme contributions	**442**	480
Total	**14,946**	15,667

In the prior years, equity-settled share options were granted to Mr. Qiu Junkang, Mr. Zhu Jun and Ms. Li Cuiqin in respect of their services to the Group, further details of which are set out in note 28 to the financial statements. The fair value of such share option, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 *RMB'000*	2023 *RMB'000*
Dr. Gao Dayong	**280**	280
Mr. Liang Hsien Tse Joseph	**200**	200
Dr. Qin Zheng	**200**	200
Dr. Hu Henan	**200**	200
	880	880

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors and chief executive

2024	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Equity-settled share option expense RMB'000	Total remuneration RMB'000
Executive director:					
Mr. Li Kejian	–	–	–	–	–
Mr. Zhu Jun	–	2,121	145	9,609	11,875
Mr. Liu Wei (a)	–	890	145	580	1,615
	–	3,011	290	10,189	13,490
Non-executive directors:					
Mr. Lv Shiwen	–	–	–	–	–
Mr. Zhao Chunsheng	–	–	–	–	–
	–	–	–	–	–
Supervisors:					
Ms. Li Jiawei (b)	–	256	96	–	352
Mr. Qiu Junkang	–	148	56	20	224
Mr. Zhu Haorong	–	–	–	–	–
	–	404	152	20	576
	–	3,415	442	10,209	14,066

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors and chief executive *(Continued)*

2023	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Equity-settled share option expense *RMB'000*	Total remuneration *RMB'000*
Executive director:					
Mr. Li Kejian	–	–	–	–	–
Mr. Zhu Jun	–	2,442	143	9,609	12,194
Mr. Liu Wei (a)	–	993	143	580	1,716
	–	3,435	286	10,189	13,910
Non-executive directors:					
Mr. Lv Shiwen	–	–	–	–	–
Mr. Zhao Chunsheng	–	–	–	–	–
Mr. Sun Xiaolu (c)	–	–	–	–	–
	–	–	–	–	–
Supervisors:					
Ms. Li Jiawei (b)	–	285	100	–	385
Mr. Qiu Junkang	–	181	50	–	231
Ms. Li Cuiqin (d)	–	106	44	111	261
Mr. Zhu Haorong	–	–	–	–	–
	–	572	194	111	877
	–	4,007	480	10,300	14,787

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

(a) Mr. Liu Wei was appointed as an executive director of the Company in 16 June 2023.
(b) Ms. Li Jiawei was appointed as a supervisor of the Company in May 2023.
(c) Mr. Sun Xiaolu was appointed as a non-executive director of the Company in November 2018 and resigned on 16 March 2023.
(d) Ms. Li Cuiqin was appointed as a supervisor of the Company in November 2018, and resigned in May 2023.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors including the chief executive (2023: one chief executive), details of whose remuneration is set out in note 8 above. Details of the remuneration for the year of the remaining three (2023: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Salaries, allowances, and benefits in kind	**3,018**	5,249
Equity-settled share option arrangements	**2,025**	3,618
Pension scheme contributions	**391**	513
Total	**5,434**	9,380

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
Nil to HKD1,000,000	**–**	–
HKD1,000,001 to HKD1,500,000	**2**	–
HKD1,500,001 to HKD2,000,000	**–**	2
HKD2,000,001 to HKD2,500,000	**1**	1
HKD2,500,001 to HKD3,000,000	**–**	1
Total	**3**	4

In prior years, share options were granted to certain non-director and non-chief executive highest paid employee in respect of their services to the Group, further details of which are included in the disclosures in note 28 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX EXPENSES

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group's principal applicable taxes and tax rates are as follows:

Mainland China

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for the reporting period. One of the subsidiaries of the Group was recognised as a High and New Technology Enterprise and was entitled to a preferential tax rate of 15% during the year.

10. INCOME TAX EXPENSES *(Continued)*

United States of America

The subsidiary incorporated in California, the United States is subject to statutory United States federal corporate income tax at a rate of 21%. It was also subject to the state income tax in California during the year. No provisions for federal corporate income tax and the state income tax have been provided as the subsidiary was loss-making during the year.

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Loss before tax	**(111,143)**	(105,746)
Tax at the statutory tax rate (25%)	**(27,786)**	(26,436)
Different tax rates enacted by local authority	**2,563**	1,980
Additional deductible allowance for qualified research and development expenses	**(13,830)**	(12,206)
Expenses not deductible for tax	**870**	984
Tax losses not recognised	**38,317**	35,678
Tax charge at the Group's effective rate	**134**	–

The Group has accumulated tax losses in Mainland China of RMB743,176,000 as at December 31, 2024 (2023: RMB654,790,000), that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has accumulated tax losses in the United States of America of RMB8,641,000 as at December 31, 2024 (2023: RMB6,824,000), that will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

11. DIVIDENDS

No dividend was paid or declared by the Company during the year (2023: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 239,110,000 (2023: 239,110,000) outstanding during the year, as adjusted to reflect the rights issue during the year. The weighted average number of ordinary shares outstanding before the conversion from a limited liability company into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital upon transformation into a joint stock company in July 2021 (note 26).

No adjustment has been made to the basic loss per share amounts presented for the years ended December 31, 2024 and 2023 in respect of a dilution as the impact of the share options outstanding has an anti-dilutive effect on the basic loss per share amount presented.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

The calculations of basic and diluted loss per share are based on:

	2024	2023
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	**(104,365)**	(97,486)
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	**239,110,000**	239,110,000
Loss per share (basic and diluted) (RMB per share)	**(0.44)**	(0.41)

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
December 31, 2024							
At January 1, 2024:							
Cost	19,237	11,867	981	5,576	15,580	10,151	63,392
Accumulated depreciation and impairment	(6,092)	(6,142)	(731)	(2,158)	(8,104)	–	(23,227)
Net carrying amount	13,145	5,725	250	3,418	7,476	10,151	40,165
At January 1, 2024, net of accumulated depreciation and impairment	13,145	5,725	250	3,418	7,476	10,151	40,165
Additions	–	1,918	–	282	544	180	2,924
Depreciation provided during the year	(914)	(2,026)	(109)	(846)	(2,369)	–	(6,264)
Impairment	–	(4,879)	(24)	(549)	(931)	–	(6,383)
Transfer	–	2,220	–	–	7,626	(9,846)	–
Disposals	–	(2)	–	(4)	–	–	(6)
At December 31, 2024, net of accumulated depreciation and impairment	12,231	2,956	117	2,301	12,346	485	30,436
At December 31, 2024:							
Cost	19,237	16,003	981	5,854	23,750	485	66,310
Accumulated depreciation and impairment	(7,006)	(13,047)	(864)	(3,553)	(11,404)	–	(35,874)
Net carrying amount	12,231	2,956	117	2,301	12,346	485	30,436

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
December 31, 2023							
At January 1, 2023:							
Cost	19,237	9,795	981	4,280	13,800	795	48,888
Accumulated depreciation and impairment	(5,178)	(4,482)	(551)	(1,368)	(6,228)	–	(17,807)
Net carrying amount	14,059	5,313	430	2,912	7,572	795	31,081
At January 1, 2023, net of accumulated depreciation and impairment	14,059	5,313	430	2,912	7,572	795	31,081
Additions	–	1,246	–	1,296	1,780	10,182	14,504
Depreciation provided during the year	(914)	(1,660)	(180)	(790)	(1,876)	–	(5,420)
Transfer	–	826	–	–	–	(826)	–
At December 31, 2023, net of accumulated depreciation and impairment	13.145	5,725	250	3,418	7,476	10,151	40,165
At December 31, 2023:							
Cost	19,237	11,867	981	5,576	15,580	10,151	63,392
Accumulated depreciation and impairment	(6,092)	(6,142)	(731)	(2,158)	(8,104)	–	(23,227)
Net carrying amount	13,145	5,725	250	3,418	7,476	10,151	40,165

As at December 31, 2024, there were no pledged property, plant and equipment (2023: Nil).

As at 31 December 2024, due to the current situation of losses, the Group performed an impairment test on a cash-generating unit for property, plant and equipment, and right-of-use assets. The recoverable amount of the cash-generating unit was determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management. The discount rate applied in the cash flow projections was 13% (2023: 13%). Based on the impairment test, the carrying amount of the cash-generating unit was impaired by RMB9,320,000 (2023: Nil). Consequently, the carrying amounts of property, plant and equipment, and right-of-use assets included in the cash-generating unit were written down by RMB6,383,000 (2023: Nil) and RMB2,937,000 (2023: Nil.), respectively. The impairment loss recognised was included in "Administrative expenses" in the consolidated statement of profit or loss.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties used in its operations. Leases of properties generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings	
	2024	2023
	RMB'000	*RMB'000*
As at January 1	**11,112**	10,680
Additions	**8,352**	4,736
Depreciation charge	**(5,573)**	(3,990)
Termination of a lease	**(623)**	(314)
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(2,147)**	–
Impairment	**(2,937)**	–
At December 31	**8,184**	11,112

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at January 1	**11,011**	11,371
New leases	**8,352**	4,736
Accretion of interest recognised during the year	**700**	651
Payments	**(4,145)**	(5,446)
Termination of a lease	**(792)**	(301)
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(1,802)**	–
Carrying amount at December 31	**13,324**	11,011
Analysed into:		
Current portion	**5,604**	3,247
Non-current portion	**7,720**	7,764

The maturity analysis of lease liabilities is disclosed in note 33 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**700**	651
Depreciation charge of right-of-use assets	**5,573**	3,990
Expense relating to short-term leases (included in administrative expenses)	**449**	584
Expense relating to leases of low-value assets (included in administrative expenses)	**77**	14
Loss on termination of a lease	**176**	13
Impairment of right-of-use assets	**2,937**	–
Total amount recognised in profit or loss	**9,912**	5,252

15. OTHER INTANGIBLE ASSETS

	Software	
	2024 **RMB'000**	2023 RMB'000
Cost at January 1, net of accumulated amortisation	**22**	40
Amortisation provided during the year	**(19)**	(18)
At December 31	**3**	22
At December 31:		
Cost	**64**	64
Accumulated amortisation	**(61)**	(42)
Net carrying amount	**3**	22

16. OTHER NON-CURRENT ASSETS

	2024 **RMB'000**	2023 RMB'000
Prepayments for insurance	**79**	214
Value-added tax recoverable	**12,036**	9,188
Prepayments for long-term assets	**350**	2,205
Total	**12,465**	11,607

17. INVENTORIES

	2024 **RMB'000**	2023 RMB'000
Raw materials	**19,374**	16,692
Work in progress	**904**	4,197
Finished goods	**10,144**	3,740
Goods shipped in transit	**8**	36
	30,430	24,665
Less: Provision for inventories	**(558)**	(311)
Total	**29,872**	24,354

18. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**74**	74
Impairment	**(74)**	(74)
Net carrying amount	**–**	–

The Group's trading terms with its customers are mainly on advance payments from the customers, except for some customers, who are of lower credit risk evaluated by senior management, and the Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Over 3 years	**–**	–

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**74**	74
Impairment losses, net	**–**	–
At end of year	**74**	74

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

18. TRADE RECEIVABLES *(Continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	As at December 31, 2024		
	Expected credit loss rate	**Gross carrying amount** ***RMB'000***	**Expected credit losses** ***RMB'000***
Over 3 years	**100.00%***	**74**	**74**

	As at December 31, 2023		
	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Over 3 years	100.00%*	74	74

* The Group sold medical products to a third party in 2018, and confirmed a trade receivable of RMB74,000 on December 31, 2018. Management conducted a credit risk assessment on the trade receivable, and believed that the amount was credit-impaired and the trade receivable was not expected to be settled. Therefore, the Group made a provision for impairment of a trade receivable with the expected credit loss rate of 100%. During the year, except for the above trade receivable, the Group had no other trade receivables.

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 ***RMB'000***	2023 *RMB'000*
Amounts due from related parties (note 31)	**55**	131
Prepayment to suppliers	**18,844**	18,137
Employee reserve fund	**2,789**	2,255
Deposits	**805**	1,053
Others	**1,236**	1,132
	23,729	22,708
Impairment loss for other receivables	**(901)**	(620)
	22,828	22,088

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(Continued)*

The movements in provision for impairment of other receivables are as follows:

	2024 **RMB'000**	2023 RMB'000
At beginning of year	**620**	351
Impairment losses, net	**281**	269
At end of year	**901**	620

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at December 31, 2024, the probability of default applied ranged from 5% to 100% (2023: 5% to 100%) for the deposit guarantee due in half one year to over three years.

20. CASH AND CASH EQUIVALENTS

	2024 **RMB'000**	2023 RMB'000
Cash and bank balances	**45,459**	103,473
Less: Restricted cash	**(1)**	(71)
	45,458	103,402
Denominated in:		
RMB	**30,927**	28,790
USD	**631**	690
HKD	**13,900**	73,922
Cash and cash equivalents	**45,458**	103,402

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Within 1 year	**1,205**	906

The trade payables are non-interest-bearing and are normally settled within one to three months.

22. OTHER PAYABLES AND ACCRUALS

	2024 *RMB'000*	2023 *RMB'000*
Amounts due to related parties (note 31)	**2,325**	243
Payroll and welfare payable	**11,909**	17,301
Other taxes and surcharges payable	**1,689**	2,069
Accrued expenses	**5,138**	4,380
Payable for capital expenditure	**303**	1,114
Other payables	**477**	530
Total	**21,841**	25,637

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand.

23. INTEREST-BEARING BANK BORROWINGS

	2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – unsecured	3.50	Dec 27, 2025	10,000
Bank loans – unsecured	3.45	May 12, 2025	8,860
Bank loans – unsecured	3.45	May 19, 2025	5,400
Bank loans – unsecured	3.45	Aug 4, 2025	2,500
Bank loans – unsecured	3.45	Oct 10, 2025	3,240
Total – current			30,000

24. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Government grants	**2,781**	815

The government grants mainly represent the amount which the Group received from the local governments for compensating expenses arising from research activities and research and development costs incurred for certain projects.

The movements in government grants during the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**815**	801
Grants received during the year	**2,781**	1, 976
Amounts released to profit or loss during the year	**(815)**	(1,962)
At end of year	**2,781**	815

The grants are related to the subsidies received from the government for the purpose of compensation for expenses arising from research activities and clinical trial, an award for development and capital expenditure incurred on certain projects.

25. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	2024 RMB'000	2023 RMB'000
Advance received from customers:		
Sale of medical consumables and devices	**1,165**	992

Contract liabilities include short-term advances received to deliver goods.

26. SHARE CAPITAL

Shares

	2024 RMB'000	2023 RMB'000
Issued and fully paid:		
239,110,000 (2023: 239,110,000) ordinary shares	**239,110**	239,110

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 116 of the financial statements.

(i) Share premium

The share premium of the Group represents the difference between capital injection and the share capital paid by shareholders.

(ii) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of the subsidiaries with functional currencies other than the RMB.

28. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Pre-IPO Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations via three employee incentive platforms. Ningbo Maishang Investment L.P. (Limited Partnership) was established in the PRC on February 9, 2017, Ningbo Hongyingkang Enterprise Management Partnership (Limited Partnership) was established in the PRC on November 23, 2020, Ningbo Kangrui Investment Management Partnership (Limited Partnership) was established in the PRC on July 5, 2017. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

Certain eligible participants were granted shares in prior years, and during the year, the Company did not grant any new share option (2023: Nil).

28. SHARE OPTION SCHEME *(Continued)*

The following share options were outstanding under the Share Option Scheme during the reporting period:

	Weighted average exercise price per share RMB	Number of options
At January 1, 2023	0.85	13,162,998
Exercised during the year	0.52	(712,125)
At December 31, 2023 and January 1, 2024	**0.87**	**12,450,873**
Exercised during the year	**0.46**	**(2,893,838)**
At December 31, 2024	**0.99**	**9,557,035**

During the year, the Group recognised an expense of equity-settled share option of RMB16,532,000 (2023: RMB19,858,000) during the year ended December 31, 2024.

Subsequent to the end of the reporting period, there are no share options granted, lapsed and cancelled.

At the date of approval of these financial statements, the Company had 9,557,035 share options outstanding under the Scheme, which represented approximately 4.0% of the Company's shares in issue as at that date.

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets of RMB8,352,000 (2023: RMB4,736,000), and non-cash additions to lease liabilities of RMB8,352,000 (2023: RMB4,736,000), in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Accrued listing expense included in other payables RMB'000
At January 1, 2023	–	11,371	14,713
Changes from financing cash flow	–	(5,446)	(8,238)
Changes from operating cash flows	–	–	(6,475)
New leases	–	4,736	–
Interest expense	–	651	–
Termination of a lease	–	(301)	–
At December 31, 2023 and January 1, 2024	–	11,011	–
Changes from financing cash flow	**29,611**	**(4,145)**	**–**
New leases	**–**	**8,352**	**–**
Interest expense	**389**	**700**	**–**
Termination of a lease	**–**	**(792)**	**–**
Revision of a lease term	**–**	**(1,802)**	**–**
At December 31, 2024	**30,000**	**13,324**	**–**

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Within operating activities	**526**	598
Within financing activities	**4,145**	5,446
	4,671	6,044

30. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024 **RMB'000**	2023 RMB'000
Contracted, but not provided for:		
Plant and machinery	**545**	177

31. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name	**Relationship with the Company**
Ningbo Linfeng Biotechnology Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Linstant Polymer Materials Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Trando 3D Medical Technology Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Muhe Catering Management Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Shidi Medical Technology Co., Ltd.	Controlled by a Controlling Shareholder
TD Engineering	An entity controlled by a member of key management personnel of the Company
Ningbo Hongzheng Testing Technology Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Kangfeng Biotechnology Co., Ltd	Significantly influenced by the company controlled by a Controlling Shareholder
Ningbo DIZEGENS Medical Science Co., Ltd	Controlled by a Controlling Shareholder
Ningbo Yiming Enterprise Management Co., Ltd	Significantly influenced by the company controlled by a Controlling Shareholder

31. RELATED PARTY TRANSACTIONS *(Continued)*

(b) The Group had the following transactions with related parties during the year:

	2024 **RMB'000**	2023 RMB'000
Advance of a utility bill to a related party		
Ningbo Linfeng Biotechnology Co., Ltd.	**2,101**	1,468
Ningbo Kangfeng Biotechnology Co., Ltd	**492**	–
Ningbo Yiming Enterprise Management Co., Ltd	**121**	–
	2,714	1,468
Advance from related parities		
Ningbo Kangfeng Biotechnology Co., Ltd	**1,000**	–
Purchases of products		
Ningbo Linstant Polymer Materials Co., Ltd.	**490**	419
TD Engineering	**–**	66
Ningbo Trando 3D Medical Technology Co., Ltd.	**4**	23
	494	508
Purchases of service		
Ningbo Muhe Catering Management Co., Ltd.	**457**	560
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd.	**124**	157
Ningbo Shidi Medical Technology Co., Ltd.	**144**	99
Ningbo Hongzheng Testing Technology Co., Ltd.	**20**	26
	745	842

The pricing of products and services was made according to the published prices and conditions similar to those offered to the major customers of the suppliers.

31. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Outstanding balances with related parties:

	2024 RMB'000	2023 RMB'000
Prepayments, other receivables and other assets:		
Due from related parties:		
Ningbo Shidi Medical Technology Co., Ltd.*	–	63
Ningbo Trando 3D Medical Technology Co., Ltd.*	–	59
Ningbo Hongzheng Testing Technology Co., Ltd.**	–	9
Ningbo Kangfeng Biotechnology Co., Ltd**	40	–
Ningbo DIZEGENS Medical Science Co., Ltd.*	15	–
	55	131
Other payables and accruals:		
Due to related parties:		
Ningbo Linfeng Biotechnology Co., Ltd.***	1,131	161
Ningbo Linstant Polymer Materials Co., Ltd.*	73	82
Ningbo Kangfeng Biotechnology Co., Ltd**	1,000	–
Ningbo Yiming Enterprise Management Co., Ltd**	121	–
	2,325	243

* The balances are trade in nature.

** The balances are non-trade in nature.

*** The balances include both trade balances and non-trade balances in nature.

All balances with related parties are unsecured, interest-free and repayable on demand at the end of the reporting period.

(d) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Salaries, allowances, and benefits in kind	6,755	9,149
Pension scheme contributions	736	1,076
Equity-settled share option arrangements	11,120	13,511
Total compensation paid to key management personnel	18,611	23,736

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

31. RELATED PARTY TRANSACTIONS *(Continued)*

(e) Leases with related parties

The Group as a lessee:

The Group has lease contracts with Ningbo Linfeng Biotechnology Co., Ltd. ("Ningbo Linfeng ") and Ningbo Kangfeng Biotechnology Co., Ltd ("Ningbo Kangfeng") details of summary was as below:

	2024 **RMB'000**	2023 RMB'000
Short-term:		
Rental fee	**101**	99

	2024 **RMB'000**	2023 RMB'000
Long-term (Note):		
Lease liabilities – current	**2,927**	717
Lease liabilities – non-current	**3,492**	3,882
	6,419	4,599

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortised cost		
Financial assets included in prepayments, other receivables and other assets	**1,140**	1,565
Restricted cash	**1**	71
Cash and cash equivalents	**45,458**	103,402
	46,599	105,038

	2024 RMB'000	2023 RMB'000
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	**1,205**	906
Financial liabilities included in other payables and accruals	**8,243**	6,267
Interest-bearing bank borrowings	**30,000**	–
	39,448	7,173

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and deposits, other payables, amounts due with related parties and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity to a reasonably possible change in USD and HKD exchange rates, with all other variables held constant, of the Group's loss before tax (arising from USD and HKD denominated financial instruments) and the Group's equity.

	Increase/ (decrease) in USD/HKD %	Increase/ (decrease) in loss before tax *RMB'000*	Increase/ (decrease) in equity *RMB'000*
December 31, 2024			
If RMB weakens against USD	5	27	27
If RMB strengthens against USD	(5)	(27)	(27)
December 31, 2024			
If RMB weakens against HKD	5	695	695
If RMB strengthens against HKD	(5)	(695)	(695)
December 31, 2023			
If RMB weakens against USD	5	34	34
If RMB strengthens against USD	(5)	(34)	(34)
December 31, 2023			
If RMB weakens against HKD	5	3,696	3,696
If RMB strengthens against HKD	(5)	(3,696)	(3,696)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, financial assets included in prepayments, other receivables and other assets, with a maximum exposure equals to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's other receivables are widely dispersed in different sectors and industries.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31.

The amounts presented are gross carrying amounts for financial assets.

As at December 31, 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	**Stage 2** *RMB'000*	**Stage 3** *RMB'000*	**Simplified approach** *RMB'000*	**Total** *RMB'000*
Trade receivables	**74**	**–**	**–**	**74**	**148**
Financial assets included in prepayments, deposits and other receivables					
– Normal*	**1,140**	**–**	**–**	**–**	**1,140**
Restricted cash					
– Not yet past due	**1**	**–**	**–**	**–**	**1**
Cash and cash equivalents					
– Not yet past due	**45,458**	**–**	**–**	**–**	**45,458**
Total	**46,673**	**–**	**–**	**74**	**46,747**

As at December 31, 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade receivables	–	–	–	74	74
Financial assets included in prepayments, deposits and other receivables					
– Normal*	2,185	–	–	–	2,185
Restricted cash					
– Not yet past due	71	–	–	–	71
Cash and cash equivalents					
– Not yet past due	103,402	–	–	–	103,402
Total	105,658	–	–	74	105,732

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at December 31, 2024				
	On demand *RMB'000*	**Less than 3 months** *RMB'000*	**3 to less than 12 months** *RMB'000*	**1 to 5 years** *RMB'000*	**Total** *RMB'000*
Trade payables	**906**	**–**	**–**	**–**	**906**
Financial liabilities in other payables and accruals	**8,243**	**–**	**–**	**–**	**8,243**
Lease liabilities	**1,462**	**1,312**	**3,533**	**8,718**	**15,025**
Interest-bearing bank borrowings	**–**	**263**	**30,437**	**–**	**30,700**
	10,611	**1,575**	**33,970**	**8,718**	**54,874**

	As at December 31, 2023				
	On demand *RMB'000*	Less than 3 months *RMB'000*	3 to less than 12 months *RMB'000*	1 to 5 years *RMB'000*	Total *RMB'000*
Trade payables	–	906	–	–	906
Financial liabilities in other payables and accruals	6,267	–	–	–	6,267
Lease liabilities	–	1,235	2,366	8,552	12,153
	6,267	2,141	2,366	8,552	19,326

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2024 and December 31, 2023.

34. EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2024, the controlling shareholders have provided the Group the related party loans with RMB45,000,000 and USD2,350,000 in total for 24 months from March 15, 2025.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**12,231**	20,570
Right-of-use assets	**–**	543
Investments in subsidiaries	**460,980**	462,523
Other intangible assets	**3**	22
Other non-current assets	**9,785**	8,200
Total non-current assets	**482,999**	491,858
CURRENT ASSETS		
Inventories	**12,137**	7,142
Trade and bills receivables	**43**	–
Prepayments, other receivables and other assets	**39,679**	18,240
Cash and cash equivalents	**31,743**	76,759
Total current assets	**83,602**	102,141
CURRENT LIABILITIES		
Trade payables	**1,427**	357
Interest-bearing bank borrowings	**20,000**	–
Other payables and accruals	**7,418**	9,061
Lease liabilities	**1,172**	662
Total current liabilities	**30,017**	10,080
NET CURRENT ASSETS	**53,585**	92,061
TOTAL ASSETS LESS CURRENT LIABILITIES	**536,584**	583,919
NON-CURRENT LIABILITIES		
Lease liabilities	**1,888**	–
Total non-current liabilities	**1,888**	–
NET ASSETS	**534,696**	583,919
EQUITY		
Share capital	**239,110**	239,110
Reserves	**295,586**	344,809
Total equity	**534,696**	583,919

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium *RMB'000*	Share option reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at January 1, 2023	566,914	163,582	(336,792)	393,704
Total comprehensive loss for the year	–	–	(68,753)	(68,753)
Equity-settled share option arrangements	–	19,858	–	19,858
At December 31, 2023 and January 1, 2024	566,914	183,440	(405,545)	344,809
Total comprehensive loss for the year	–	–	(65,755)	(65,755)
Equity-settled share option arrangements	–	16,532	–	16,532
As at December 31, 2024	566,914	199,972	(471,300)	295,586

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on March 31, 2025.

Definitions

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

"AGM" or "Annual General Meeting"	the forthcoming 2024 annual general meeting of the Company to be held on Friday, June 20, 2025
"Articles" or "Articles of Association"	the articles of association of the Company currently in force
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"Board of Supervisors"	the board of Supervisors
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purposes of this annual report, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "Cryofocus"	Cryofocus Medtech (Shanghai) Co., Ltd. (康灃生物科技(上海)股份有限公司), a joint stock company incorporated in the PRC with limited liability on July 21, 2021, or, where the context requires (as the case may be), its predecessor, Cryofocus Medtech (Shanghai) Company Limited (康灃生物科技(上海)有限公司), a limited liability company established in the PRC on March 15, 2013
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholders" or "Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and in this annual report, refers to Ms. Li, Mr. Lv, Shanghai Shidi, Ningbo Linfeng, Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui, and for further details, please refer to the section headed "Relationship with our Controlling Shareholders" in the Prospectus, and "controlling shareholder" or "Controlling Shareholder" means any one of them
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"FDA"	the United States Food and Drug Administration, a federal agency of the Department of Health and Human Services

"Group", "our Group", "our", "we", or "us"	the Company and its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"H Share(s)"	overseas listed foreign invested ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars", "HK dollars", "HKD" or "HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	December 30, 2022, on which the H Shares were listed and dealings in the H Shares first commenced on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Mr. Lv"	Mr. LV Shiwen (呂世文), a non-executive Director and one of our Controlling Shareholders
"Ms. Li"	Ms. LI Hui (李輝), one of our Controlling Shareholders
"Ningbo Hongyingkang"	Ningbo Hongyingkang Enterprise Management Partnership (Limited Partnership) (寧波弘盈康企業管理合夥企業(有限合夥)), one of our employee incentive platforms and one of our Controlling Shareholders
"Ningbo Kangrui"	Ningbo Kangrui Investment Management Partnership (Limited Partnership) (寧波康鋭投資管理合夥企業(有限合夥)), one of our employee incentive platforms and one of our Controlling Shareholders
"Ningbo Linfeng"	Ningbo Linfeng Biotechnology Co., Ltd. (寧波麟灃生物科技有限公司), a limited company established in the PRC which is a non-wholly owned subsidiary of Shanghai Shidi and one of our Controlling Shareholders
"Ningbo Maishang"	Ningbo Maishang Investment L.P. (Limited Partnership) (寧波脈尚投資合夥企業(有限合夥)), one of our employee incentive platforms and one of our Controlling Shareholders

"Ningbo SensCure"	Ningbo SensCure Biotechnology Co., Ltd. (寧波勝杰康生物科技有限公司), a limited company established in the PRC and our wholly-owned subsidiary
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Board
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Eighth National People's Congress on December 29, 1993 and effective on July 1, 1994, which was last amended and became effective on October 26, 2018, as amended, supplemented or otherwise modified from time to time
"Prospectus"	the prospectus of the Company dated December 16, 2022
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	for the year ended December 31, 2024
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shanghai Shidi"	Shanghai Shidi Industrial Development Co., Ltd. (上海仕地實業發展有限公司) (formerly known as Shanghai Shidi Investment Management Co., Ltd. (上海仕地投資管理有限公司)), a limited company established in the PRC and wholly owned by Ms. Li and one of our Controlling Shareholders
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	supervisor(s) of the Company
"United States" or "U. S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Share(s)"	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each and are not listed on any stock exchange
"U. S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"%"	per cent

Note: The English translation of Chinese names of entities included in this annual report is prepared for identification purpose only.