启明医疗®

VENUSMEDTECH

杭州啓明醫療器械股份有限公司

Venus Medtech (Hangzhou) Inc.

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

Stock Code: 2500

2024

ANNUAL REPORT

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Corporate Information

Name in Chinese:	杭州啓明醫療器械股份有限公司
Name in English:	Venus Medtech (Hangzhou) Inc.
Legal representative:	Mr. Lim Hou-Sen (Lin Haosheng)
Chairman:	Mr. Ting Yuk Anthony Wu
Registered capital:	RMB441,011,443
Headquarters in the PRC:	
Registered and office address	Room 311, 3/F, Block 2, No. 88, Jiangling Road, Binjiang District, Hangzhou, PRC
Company website	http://www.venusmedtech.com/
E-mail	inquiry@venusmedtech.com
Principal place of business in Hong Kong:	40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Board of Directors:	
Executive Directors	Mr. Lim Hou-Sen (Lin Haosheng), Mr. Liqiao Ma and Ms. Meirong Liu
Non-executive Directors	Mr. Ao Zhang and Mr. Wei Wang
Independent non-executive Directors	Mr. Ting Yuk Anthony Wu, Mr. Chi Wai Suen and Mr. John Junhua Gu[1]
Supervisors:	Mr. Changxi Zhang[2], Mr. Wei Chen and Ms. Xiaojuan Li[3]
Audit Committee:	Mr. Chi Wai Suen (Chairman), Mr. Ting Yuk Anthony Wu and Mr. John Junhua Gu[1]
Remuneration and Assessment Committee:	Mr. Ting Yuk Anthony Wu (Chairman), Mr. Chi Wai Suen and Mr. John Junhua Gu[1]
Nomination Committee:	Mr. John Junhua Gu[1] (Chairman) , Mr. Chi Wai Suen and Mr. Ting Yuk Anthony Wu
Company Secretary:	Mr. Wong Wai Chiu, CTP, CPA (Aust.), FCG (CS, CGP), FCS (CS, CGP)
Authorized Representatives:	Mr. Wong Wai Chiu and Ms. Liu Meirong

Auditor engaged by the Company: ZHONGHUI ANDA CPA Limited
Certified Public Accountants and Registered Public Interest Entity Auditor

1 Mr. Wan Yee Joseph Lau, who was an independent non-executive Director, the chairman of the Nomination Committee and a member of each of the Remuneration and Assessment Committee and the Audit Committee of the Board, passed away on February 7, 2024. On December 5, 2024, Mr. John Junhua Gu has been approved as an independent non-executive Director at the 2024 second extraordinary general meeting of the Company. On the same date, the appointments of Mr. John Junhua Gu as the chairman of the Nomination Committee and a member of each of the Remuneration and Assessment Committee and Audit Committee of the Board took effect.

2 Ms. Min Shao has resigned as an employee representative Supervisor with effect from August 30, 2024. On the same date, Mr. Changxi Zhang has been elected as an employee representative Supervisor of the second session of the Supervisory Committee at employee representatives' meeting of the Company.

3 Ms. Yue Li has resigned as a Shareholders' representative Supervisor with effect from October 10, 2024. On the same date, Ms. Xiaojuan Li has been approved as a Shareholders' representative Supervisor of the second session of the Supervisory Committee at the 2024 first extraordinary general meeting of the Company.

Chairman's Statement

2024 was a challenging yet transformative year for Venus Medtech, marked by resilience and breakthroughs amidst adversity. Confronted with global geopolitical uncertainties, complexities of macroeconomic transformation, growth pressures in the innovative medical device sector, and the negative impacts stemming from prolonged trading suspension due to corporate governance issues, the Company leveraged its profound expertise in structural heart disease, forward-looking strategic planning and efficient commercialization capabilities to deliver a commendable performance.

MAINTAINING LEADERSHIP IN TAVR, WITH SIGNIFICANTLY ENHANCED COMMERCIALIZATION CAPABILITIES

Despite a challenging external environment, Venus Medtech firmly secured its leading position in China's TAVR market while steadily expanding its overseas operations. In 2024, the Company generated annual revenue of RMB470 million, with a stable gross margin of 78.1%, demonstrating our strengths in product competitiveness and cost management. Notably, commercial profit surged 112.6% year-on-year to RMB97.7 million, with the commercial profit margin rising to 20.7%, validating the effectiveness of our high-quality growth strategy.

STEADY GLOBAL EXPANSION AND ELEVATED INTERNATIONAL PRESENCE

Venus Medtech deepened its global footprint in 2024, achieving overseas revenue of RMB82.5 million, a 13.5% increase from 2023. The proportion of overseas revenue also climbed from 14.8% in 2023 to 17.5%. Supported by differentiated product positioning and long-term safety and effective clinical data, sales of VenusP-Valve continued to grow steadily. As part of ongoing global commercialization efforts, the Company expanded into 13 countries with its valve products in 2024, bringing the total coverage to nearly 70 countries and regions worldwide.

FOCUSING ON ADVANCING THE CORE PIPELINE OF "FOUR-VALVE INTEGRATION"

As a pioneer in the field of structural heart disease, Venus Medtech remained innovation-driven, optimizing the allocation of R&D resources and focusing on the clinical progress of our core product pipeline. In the year, we achieved multiple milestone breakthroughs:

- Venus-PowerX (the world's first fully recyclable self-expanding dry-tissue TAVR product) and Venus-Vitae (the first balloon-expandable dry-tissue TAVR product) initiated pivotal clinical trials;

- Cardiovalve (tricuspid valve replacement product) made significant progress in its pivotal clinical study in Europe, with nearly 120 cases enrolled. The excellent postoperative outcomes demonstrated outstanding safety and efficacy, earning high praise from international experts;

- VenusP-Valve (the pulmonary valve product), as the first Chinese valvular product to conduct an IDE pivotal clinical trial in the U.S., has successfully enrolled several patients. Furthermore, long-term clinical data from VenusP-Valve further validated its safety and efficacy, laying a solid foundation for global market expansion.

These innovative achievements not only consolidated our technological leadership but also injected strong momentum for future growth.

INTERNAL CONTROL AND CORPORATE GOVERNANCE RESOLUTION: TOWARD A MORE ROBUST FUTURE

In 2024, the Company faced challenges in internal control and corporate governance, resulting in a trading suspension. We undertook a comprehensive revision and rebuilding of our internal control systems and actively aligned our efforts with the resumption guidelines of the Stock Exchange. Eventually, we met the conditions for resumption on March 12, 2025. This journey prompted deep reflection and has driven maturity in our corporate governance, internal control frameworks and compliance operations. We firmly believe this experience will serve as invaluable capital for Venus Medtech to advance toward higher developmental milestones.

Looking ahead to 2025, while macroeconomic and industry policy uncertainties will persist, challenges often coexist with opportunities. Venus Medtech remains committed to the strategic direction established for 2025. We will further refine our market strategies, unlock the full potential of our products, and accelerate the commercialization of our R&D pipeline to ensure sustained and stable long-term growth.

On behalf of Venus Medtech's management, I extend our heartfelt gratitude to the investors and partners who have steadfastly trusted and supported us. We also salute the dedication and perseverance of every Venus Medtech colleague. It is your efforts that have enabled us to advance steadily through adversity. Moving forward, Venus Medtech will embrace new breakthroughs with even greater resolve. We are confident that through innovative products, a global vision and efficient execution, Venus Medtech will deliver greater value to patients, the industry, and our shareholders!

Mr. Ting Yuk Anthony Wu
Chairman of the Board

Hangzhou, People's Republic of China, April 25, 2025

Financial Summary

	For the year ended December 31,				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE	**470,833**	491,373	406,461	415,862	276,047
Gross profit	**367,746**	389,205	313,998	324,344	227,280
LOSS BEFORE TAX	**(740,713)**	(735,340)	(1,156,344)	(377,555)	(185,843)
LOSS FOR THE YEAR	**(717,373)**	(729,056)	(1,122,042)	(371,394)	(182,868)
Loss attributable to:					
Owners of the parent	**(714,307)**	(703,754)	(1,057,699)	(373,636)	(181,989)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (RMB)	**(1.63)**	(1.61)	(2.42)	(0.85)	(0.45)

	As of December 31,				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total non-current assets	**2,447,290**	2,805,647	2,813,865	1,669,835	957,794
Total current assets	**802,480**	1,608,067	2,468,970	3,439,622	3,360,433
Total current liabilities	**361,749**	805,168	492,104	208,534	405,517
Total non-current liabilities	**676,922**	689,200	1,159,420	269,079	55,675
Non-controlling interests	**–**	(1,302)	23,447	86,214	41,611
Total equity	**2,211,099**	2,919,346	3,631,311	4,631,844	3,857,035

Management Discussion and Analysis

I. BUSINESS OVERVIEW

Overview

Founded in 2009, we have grown into a global platform company engaged in innovative medical devices that integrate R&D, clinical development, manufacturing and commercialization. Our vision is to become a global leader in the field of structural heart diseases, seeking effective treatment options for major diseases that seriously threaten human health.

We have developed a product portfolio covering the interventional devices for valvular heart diseases including transcatheter aortic valve replacement (TAVR), transcatheter pulmonary valve replacement (TPVR), transcatheter mitral valve replacement (TMVR), transcatheter tricuspid valve replacement (TTVR) and other procedural accessories, allowing us to provide overall solutions for physicians and patients. In the future, we will continue to focus on the field of structural heart, and continue to iterate and update by applying new technologies and materials to introduce innovative products that meet needs of physicians and patients.

During the Reporting Period, the Company continued to focus on the field of structural heart diseases, further enhanced its research and development efficiency by optimizing the layout of its R&D pipeline, and concentrated its resources on advancing the clinical progress of its core products. We achieved several significant milestones in our global clinical research and development initiatives, which underscored the Company's robust global clinical research and operational prowess and further cemented our progress towards internationalization. The Company's first self-developed self-expanding dry tissue valve TAVR product, Venus-PowerX, first self-developed balloon-expandable dry-tissue TAVR product, Venus-Vitae, and the pulmonary valve product, VenusP-Valve, have successively commenced clinical trials, and the clinical study is advancing steadily. Our tricuspid valve replacement product, Cardiovalve, has made notable headway in Europe, with smooth patient enrollment in pivotal clinical studies and immediate postoperative success, showcasing remarkable safety and efficacy that have garnered acclaim from international medical professionals. These products are expected to provide more high-quality treatment options for patients worldwide in the future.

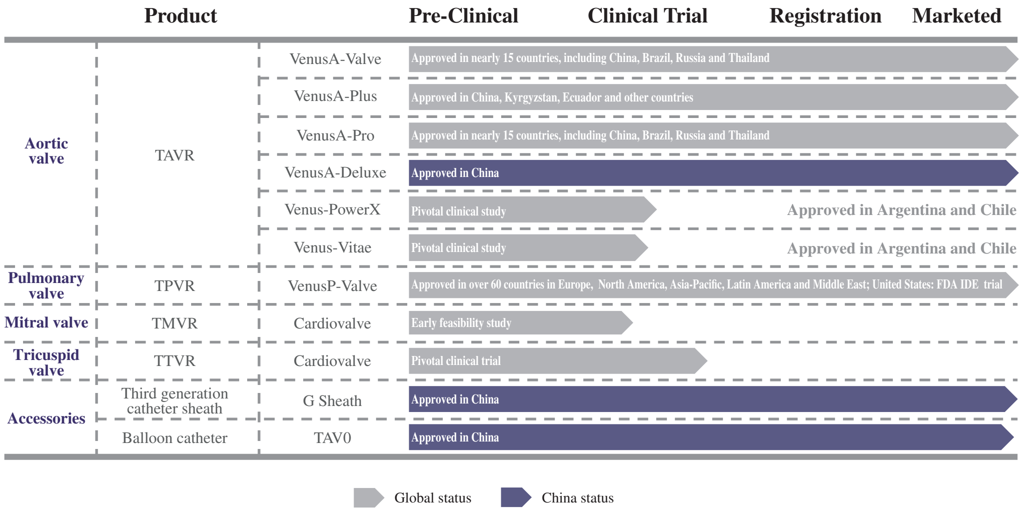
The Company adheres to the "profit-making" strategy, with commercialization centered on the goal of profit maximization, continuously integrating internal resources, improving overall synergy efficiency, and enhancing market marginal contribution. As of December 31, 2024, the commercialization profit margin of the Company increased from 9.3% for the year ended December 31, 2023 to 20.7% for the year ended December 31, 2024. We continuously expanded sales channels, gradually promoted the transformation of sales models, strengthened the construction of the sales team, deeply explored the commercial potential of products, and provided high-quality treatment solutions for more patients. As of the end of the Reporting Period, the Company maintained the leading position in the domestic TAVR market, covering over 650 hospitals. In terms of overseas operations, the Company has further enhanced its international influence through a continuously improving global sales network and the differentiated product positioning of VenusP-Valve, supported by long-term safety and effective clinical data. Overseas revenues, primarily driven by the VenusP-Valve product, reached RMB82.5 million, representing a year-on-year growth of 13.5%, with the proportion of overseas revenue rising to 17.5%. The Company expanded into 13 new commercialized countries during the year, now covering over 60 countries including Europe, North America, the Middle East, Southeast Asia and Latin America. The continuous improvement of direct sales and distributor models lays a solid foundation for commercialization and overseas expansion of the Company's products in the future.

Our Products and Product Pipeline

As of the date of this annual report, the Company has successfully established a product pipeline consisting of ten innovative medical devices, covering the field of heart valve diseases.

Interventional treatment of heart valve diseases is our core therapeutic area. The Company has four commercialized TAVR products (VenusA-Valve, VenusA-Plus, VenusA-Pro and VenusA-Deluxe), one TPVR product (VenusP-Valve) and two transcatheter procedural accessories (expandable catheter sheath product (G Sheath) and balloon catheter (TAV0)). Our products currently in clinical trials include next-generation TAVR products (Venus-PowerX and Venus-Vitae), one innovative medical device Cardiovalve which can be used for both TMVR and TTVR, and the TPVR product (VenusP-Valve).

The following chart summarizes the development status of our products and product candidates as of the date of this annual report:



VenusA Series – TAVR Products

We currently have four marketed TAVR products, namely, VenusA-Valve, VenusA-Plus, VenusA-Pro and Venus-Deluxe. VenusA-Valve received approval for registration from the NMPA in April 2017, which marked the first transcatheter artificial aortic valve replacement (TAVR) product approved by NMPA for commercialization in China. VenusA-Plus received approval for registration from the NMPA in November 2020, which was the first retrievable TAVR product approved in China. While maintaining the strong radial force of the first generation valve, VenusA-Plus introduces the functions of retrievability and repositioning, which may reduce the complexity of procedures and significantly shorten the learning curve of physicians.

VenusA-Pro received approval for registration from the NMPA in May 2022, as an upgraded version of VenusA-Plus. It ensures radial force while providing improved cross-aortic arch performance with its capsule head made of super-elastic material, therefore enhancing the operability in procedures. VenusA-Deluxe received approval for registration from the NMPA in November 2024, as the latest generation TAVR product. It builds on previous products by further optimizing and upgrading the delivery system, adding a new feature for real-time tracking of delivery system tension adjustment under imaging, aiding in precise valve deployment. It aligns the axial imaging markers for commissure alignment, fully protecting the coronary arteries; the stepwise compression of the valve effectively reduces the incidence of folding during the valve loading phase. Our extensive product pipeline offers better treatment options to physicians and patients, and also enables us to maintain our leading market position.

For VenusA-Valve, as the first TAVR product launched in China, the Company has continued to carry out its registered clinical long-term follow-up study. At the 26th Cardiovascular Annual Conference of the Chinese Medical Association (CSC2024), the nine-year follow-up results of VenusA-Valve were released. As the only TAVR product in China with nine years of long-term follow-up, its cardiac mortality is less than 20%, and the patient's peak flow velocity, mean transvalvular pressure gradient and left ventricular outflow fraction all remain stable. The longest follow-up patient has completed a twelve-year postoperative follow-up, and the valve function is normal, proving the mid-to-long-term safety and efficacy of the VenusA-Valve. At the 10th China Valve (Hangzhou) 2024 conference, the results of the four-year clinical follow-up of patients in the VenusA-Plus registered clinical trial were released. Notably, over a four-year post-operative period, there were no new cases of cardiac deaths. Furthermore, compared to the three-year post-operative phase, there were no reported occurrences of new safety events such as myocardial infarction, stroke, pacemaker implantation, or surgical interventions. In addition, subgroup analyses for both bicuspid and tricuspid valve patients revealed favourable results, demonstrating the excellent clinical safety and efficacy of VenusA-Plus.

VenusP-Valve – TPVR Product

VenusP-Valve, our independently developed transcatheter pulmonary valve system, obtained the CE MDR approval for registration in April 2022 and was approved for commercialization. The product is designed to treat patients suffering moderate to severe pulmonary regurgitation with or without RVOT stenosis. It is the first self-expanding TPVR product approved in Europe, and also the first Class III implantable cardiovascular device approved under CE MDR regulations. VenusP-Valve was approved for registration by the NMPA in July 2022 for the treatment of patients with severe pulmonary regurgitation with native RVOT. As the first TPVR product approved in China, VenusP-Valve filled the gap in clinical demands in China.

With its excellent clinical performance, the safety and effectiveness of VenusP-Valve have been highly recognized by experts and physicians worldwide. In September 2024, the five-year follow-up data of the international multicenter clinical study on VenusP-Valve was announced at the international conference PICS, showing "0" patient deaths or reoperations, confirming long-term survival benefits. In terms of effectiveness, six months after the implantation of VenusP-Valve, MRI confirmed the reversal of right ventricular remodeling and significant improvement in right ventricular function, which was sustained; during the five-year follow-up period, pulmonary hemodynamics remained favorable, with only one case (1.3%) developing into moderate or greater pulmonary regurgitation two years post-procedure, with "0" new cases added to moderate or greater regurgitation patients; "0" perivalvular leaks, and the transvalvular pressure gradient remained stable. In terms of improving patients' quality of life, during the five-year follow-up period after procedure, more than 94% of the patients were classified as NYHA Class I/II. At the 18th Oriental Congress of Cardiology, the results of the eight-year clinical follow-up of patients in the VenusP-Plus registered clinical trial in China were presented, in which there were no new deaths during the follow-up period of the year after the operation, with the longest follow-up extending to eleven years. Significant improvements were observed in pulmonary valve regurgitation, with no occurrences of moderate or severe regurgitation in eight years after operation, and normal valve function was maintained. These findings once again confirmed the long-term safety and efficacy of VenusP-Valve.

We are steadily expediting US IDE (PROTEUS) pivotal clinical study on VenusP-Valve. In June 2024, the first patient implantation was successfully completed, marking a significant milestone for the Company in the U.S. market. This study is a prospective, multi-centered clinical trial targeting patients with RVOTD combined with severe pulmonary valve regurgitation, and is expected to enroll a total of 60 subjects. Previously, the clinical trial gained approval from the Centers for Medicare & Medicaid Services (CMS) for inclusion in the medical insurance program. This means that clinical treatment expenses for patients eligible for the CMS medical insurance plan can be reimbursed through insurance claims, accelerating the progress of clinical trial in various centers. We will actively expedite the approval of VenusP-Valve in the U.S. market.

Venus-PowerX – New Generation TAVR Product

Venus-PowerX, our first self-developed self-expanding dry-tissue TAVR product, is in China and the global pivotal clinical trials.

Venus-PowerX is our new generation pre-loaded dry-tissue valve product. It adopts the Venus-Endura dry-tissue technology, which leverages advanced anti-calcification technology to improve the durability of the valve, without glutaraldehyde for preservation. While enhancing safety, Venus-PowerX also boasts convenience for clinical application, preservation and transportation. It is also equipped with the world's first adaptive active anti-PVL skirt Seadapt with high compression ratio, self-expansion and high resilience, which can adjust the skirt adaptively to fill the perivalvular space and promote the combination of vascular tissue and skirt, thereby effectively reducing paravalvular leakage. Its pre-loaded dry tissue technology can significantly reduce operation preparation time. The combination of wire-controlled technology and a unique valve frame design can eliminate the stress on the valve during deployment, ensuring a more stable and precise release. It can still be 100% fully retrieved after complete release, offering greater safety compared to existing retrievable valves. Additionally, the valve frame employs a unique design with three large V-shaped openings, coordinated with the direction of entry of the delivery system, effectively preserving coronary access in the later stage. The delivery system, compared to previous generations, features a unique multi-layer waveguide design, offering superior flexibility and pushability. Venus-PowerX was approved for marketing and successfully completed commercial implantation in Argentina and Chile. We will promote the clinical research of Venus-PowerX to strive for its early approval in the global market.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VENUS-POWERX SUCCESSFULLY (EXCEPT FOR ARGENTINA AND CHILE).

Venus-Vitae – New Generation TAVR Product

The Venus-Vitae, our first self-developed balloon-expandable dry-tissue TAVR product, is at a global pivotal clinical trial.

Venus-Vitae adopted Venus-Endura dry tissue technology, which leverages advanced anti-calcification technology on the valve to improve the durability of the valve, and three-dimensional force controlled dehydration technology without glutaraldehyde for preservation. While enhancing safety, Venus-Vitae also boasts convenience for clinical application, preservation and transportation. In addition, its delivery system is uniquely designed with the patented wire-lock technology, thus locking the valve during transporting and balloon expanding. The wire-lock technology, steerable function, balloon coaxial rotation function and axial fine adjustment function maximize the controllability for physicians, and fill in the gap in the market where similar products are not equipped with a coronary alignment delivery system. It is also equipped with the world's first adaptive, active, anti-PVL skirt Seadapt with high compression ratio, self-expansion and high resilience, which can adjust the skirt thickness adaptively to fill the perivalvular space and promote the combination of vascular tissue and skirt. Venus-Vitae was approved for marketing and successfully completed commercial implantation in Argentina and Chile. We will promote the clinical research of Venus-Vitae, striving for its early approval for marketing in the global market.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VENUS-VITAE SUCCESSFULLY (EXCEPT FOR ARGENTINA AND CHILE).

Cardiovalve – TMVR/TTVR Product

Cardiovalve, a wholly-owned subsidiary of the Company, has independently developed mitral valve and tricuspid valve replacement products. For cardiovalve, we are in pivotal clinical trial for the treatment of patients with tricuspid regurgitation in Europe and we are in feasibility study stage for the treatment of patients with mitral regurgitation.

Cardiovalve system is a transcatheter valve replacement system for patients suffering from mitral regurgitation and tricuspid regurgitation. Compared with similar products, its transfemoral approach significantly improves the safety of treatment and its annular, up to 55 mm, is suitable for about 95% of the patient population. Meanwhile, its unique short frame design lowers the risk of LVOT obstruction. Cardiovalve is easy to operate, safe, highly repeatable, and can be completed in three steps: positioning, anchoring and release.

The clinical trial progress of Cardiovalve is steadily advancing. The pivotal clinical study of Target CE in Europe is currently being conducted at over 30 renowned cardiovascular centers in countries such as Germany, Italy, Spain, the United Kingdom and Canada. As of the end of the Reporting Period, nearly 120 patients have been enrolled. The latest immediate clinical data of first 105 patients from the Target CE European pivotal clinical study was announced at the London Valves 2024. The tricuspid regurgitation in 93.7% patients was reduced to mild or less. At the CSI 2024 in Frankfurt, Germany, compassionate use clinical data for early tricuspid valve replacement with Cardiovalve was officially disclosed. The data revealed that among 20 patients with 100% severe and above tricuspid valve regurgitation, 30-day postoperative follow-up data indicated that 90% of patients had regurgitation levels classified as mild or less, confirming the safety and efficacy of Cardiovalve. We will carry forward the clinical trials of Cardiovalve, striving for earlier approvals for marketing in the global market.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CARDIOVALVE SUCCESSFULLY.

R&D Innovation

In the broad market of structural heart diseases, the Company is committed to solving clinical pain points, maintaining R&D investment, deeply engaging in the field of structural heart diseases, making constant innovations, continuing to accumulate technical experience, striving to bring innovative products to the market, and consolidating its leading position in the field of valves. In terms of aortic valves, the Company's new generation of dry-tissue TAVR products, Venus-Vitae and Venus-PowerX, which are in the clinical stage, adopt advanced anti-calcification technology to extend valve durability, to further improve and simplify the procedure of TAVR. In the field of pulmonary valve, we are currently conducting the IDE pivotal clinical trial for VenusP-Valve in the U.S., marking the first instance of Chinese heart valve products undergoing clinical trials in the U.S. Meanwhile, the Company continued to innovate and iterate on pulmonary valve products, continuously advancing in this field. Furthermore, we have strategically positioned our globally leading Cardiovalve valve replacement product for interventional treatment of mitral and tricuspid valves, with rapid progress in clinical trials, poised to offer high-quality solutions for patients worldwide. Interventional therapy in mitral and tricuspid valve fields will be our new growth drivers in the future.

Innovation is the core driving force of the Company. The Company consistently adheres to a clinical demand-oriented approach, continuously advancing the iterative upgrading of interventional heart valve products lines through deep collaboration with universities, research institutions, as well as internal innovation synergy, while actively exploring platform-based technologies for future valve optimization. The Company relies on its three R&D centers located in Hangzhou, China, Tel Aviv, Israel and Irvine, California, USA, fully leveraging the advantages of each region to form an efficient and collaborative global R&D network, providing strong technical support for the update and expansion of the product line. During the Reporting Period, the Company made significant progress in the field of R&D. As a core participant in the project of "Research on Data-Driven New Interventional Heart Valve Materials and Devices" under the National Key Research and Development Program for the "14th Five-Year Plan", the Company facilitated the successful passing of the mid-term inspection and acceptance of the project. To further enhance innovation efficiency, the Company has optimized and upgraded its innovation strategy, transitioning from internal innovation to internal and external collaborative innovation. The Company has officially established a business development department to actively expand cooperation with third parties in the field of interventional treatment for structural heart diseases. Through various models such as commercialization cooperation, channel cooperation, and product acquisition, the Company accelerates the introduction of innovative technologies and products, further enriching its product pipeline and enhancing market competitiveness.

For the years ended December 31, 2024 and 2023, our R&D costs were RMB341.2 million and RMB524.9 million, respectively.

Intellectual Properties

The Company attaches great importance to intellectual property protection. Leveraging its strong R&D capability, as of December 31, 2024, the Company had a total of 886 patents and patents under applications, including 473 authorized invention patents. We had 402 patents under application and authorized in the PRC, including 275 authorized patents, and 460 patents under application and authorized overseas, including 435 authorized patents. We had 24 PCT applications. Our global patents portfolio mainly covers China, the U.S. and Europe, as well as other countries and regions.

With a deep technical accumulation in the field of cardiovascular intervention therapy, Venus Medtech has received several prestigious awards, including the 2020 China Patent Excellence Award, the 2023 Zhejiang Province Intellectual Property Award, and honors for outstanding domestic medical device products, and has undertaken multiple municipal and district-level patent projects such as the high-value patent portfolio project in Hangzhou and the patent navigation project in the High-tech Zone (Binjiang). In June 2024, the Company was among the first to be included in Zhejiang Province's list of high-value patent cultivation programs, standing out as the only high-value patent cultivation project selected in the medical device industry in Zhejiang Province.

Manufacturing

We have a clean production zone of approximately 3,500 square meters in Hangzhou for manufacturing our heart valve products and product candidates. Our manufacturing facilities comply with the GMP requirements in the U.S., the EU and the PRC and follow rigorous manufacturing and quality control standards to ensure high product quality and safety standards.

Quality system

The Company has established an international quality management system in accordance with ISO13485, GMP of NMPA in China, QSR of the FDA in the United States, MDR of the EU, RDC of ANVISA in Brazil, MDSAP, ISO/IEC17025 and other regulations and standards. As of the date of this annual report, the Company has obtained an ISO13485 system certificate, an MDR system certificate of the EU, an MDSAP quality system certificate (covering the regulatory requirements of quality systems of the United States, Japan, Canada, Australia and Brazil), a China production license, a Brazil BGMP certificate, a CNAS laboratory accreditation certificate, and is also a training base unit for medical device inspectors in Hangzhou. Leveraging the establishment and maintenance of a high-standard and strict quality management system, the Company imposes quality control on products throughout the life cycle, from R&D to marketing and sales, so as to ensure the quality of products. In addition, the Company has also established a digital and refined quality management system through proactively participating in and completing the safety intelligence supervision "black box" project of Zhejiang Medical Products Administration, the management intelligence supervision platform of Hangzhou Market Supervision Administration, and the key transcatheter replacement system for the "14th Five-year" period and other intelligence regulation projects. Currently, information systems such as PLM (Product Lifecycle Management System), EBS (Enterprise Business Suite), WMS (Warehouse Management System), LIMS (Laboratory Information Management System), MES (Manufacturing Execution System), and ECS (Supplier/Customer Management) have been established.

Commercialization

2024 is a critical year for the Company to implement its strategy of commercial profitization. In the face of uncertain external environments and changing medical policies, the management of the Company consistently adheres to a clear and firm strategic judgment that only by achieving quality growth and continuously generating profits can the Company progress more steadily, further and better, thereby continuously creating exceptional value for shareholders, customers and society. The Company's commercialization focuses on profit maximization, integrating internal resources to enhance overall synergy efficiency and increase market marginal contribution. As of December 31, 2024, the Company's commercialization profit margin increased from 9.3% for the year ended December 31, 2023 to 20.7% for the year ended December 31, 2024. This improvement will facilitate the Company in further enhancing commercialization efficiency and strengthening overall profitability to continuously create greater long-term value.

For domestic business segment, the Company actively adapted to industry development trends and promoted the transformation of the sales and promotion model step by step, gradually shifting from quasi-direct sales to a promotion model combining key account management and distributor management. On the one hand, the Company focused on leading hospitals, implemented a key account management strategy, and established long-term stable and in-depth cooperative relationships with leading hospitals through excellent products and professional sales services. On the other hand, the Company placed importance on the development of distributor channels, will vigorously develop distributor partnerships and actively explore secondary markets to expand market coverage. By providing distributors with professional products, technical services and training support, the Company achieved coordinated sales with distributors, effectively promoted product sales, further reduced the sales expense ratio, and optimized the sales expense structure. At the same time, the Company strengthened accounts receivable management, gradually shortening the sales collection period and significantly improving the turnover rate of accounts receivable. Measures such as strengthening the collection of existing accounts receivable and optimizing credit policies will be implemented to enhance the robustness of the Company's financial operations.

The Company has a commercialization team with industry background, extensive market experience and professional competence to explore potential marketing channels, continuously expand the sales network in China, and continue to provide professional and comprehensive medical solutions for doctors and patients. During the Reporting Period, the Company covered more than 650 hospitals. We took an active part in international and domestic academic conferences to strengthen communication and exchange with hospitals, doctors and opinion leaders in the industry, continuously consolidate product brand awareness and influence in the industry, and establish a positive and professional brand image and competitive advantage. In 2024, the Company participated in over 90 third-party conferences and hosted more than 100 conferences of its own, covering more than 5,500 experts and attracting 2,000,000 visitors. As the only company in the market with four TAVR products and one TPVR product, our rich product pipeline provides physicians and patients with more and better choices of treatment, enhances the brand influence of the Company and helps to consolidate our leading position in China.

In the field of overseas marketing, we actively responded to global market challenges by optimizing internal marketing organizational structures and integrating overseas market resources, continuously deepening our presence in the European market, further expanding into emerging overseas markets, and constantly improving the layout of our global marketing network. The Company, leveraging its professional overseas marketing team, stable and reliable overseas marketing network, supply chain system and localized market operation strategy, has achieved continuous rapid penetration and sales growth of its products in the overseas market.

The Company is committed to building a globalized marketing team with high efficiency, synergy and in-depth integration. Both domestic and overseas marketing teams performed their duties and maintain close coordination, gradually breaking regional boundaries to develop a strong market expansion force. Through sharing resource and experience, and strategic coordination, domestic and overseas teams achieved deep integration in brand promotion, market penetration, and customer service, providing a solid foundation for the global layout of the Company. Meanwhile, the Company actively promoted academic exchanges and the sharing of procedural techniques among domestic and overseas clinicians, assisting Chinese physicians in "going global", particularly in conducting multi-level and multi-dimensional academic cooperation and procedural guidance in countries along the "Belt and Road". During the Reporting Period, the Company successfully organized multiple international academic exchange events, not only enhancing the international influence of Chinese physicians, but also contributing Chinese insights and solutions to developing the field of global structural heart diseases.

During the Reporting Period, overseas revenue of the Company achieved steady growth, with revenue reaching RMB82.5 million, representing an increase of 13.5% over the same period in 2023. Profit levels have also improved accordingly. The Company's products have entered over 60 countries and regions overseas, including Europe, the Middle East, Asia-Pacific, North America, and Latin America. A total of 13 new countries were covered throughout the year, including Canada, Australia, India, Russia, Singapore and Mexico. To enhance the Company's visibility and recognition in the international market, the Company participated in 24 international conferences in the cardiovascular interventional medicine industry, such as EuroPCR 2024, CSI2024, PICS2024 and PCR London Valves 2024, among other renowned international academic conferences. At the PICS2024 conference, the five-year follow-up data of the pulmonary valve product VenusP-Valve in Europe was released, attracting the attention and recognition of international doctors. In addition, the Company organized over ten self-hosted overseas conferences, attracting cardiovascular experts and doctors from various countries around the world to participate in exchanges. Through these academic activities, connections with international experts were established, effectively enhancing the recognition of the products among overseas physicians and continuously expanding the Company's international brand awareness and influence.

II. FINANCIAL REVIEW

Overview

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

Revenue

During the Reporting Period, all of our revenue was generated from sales of medical devices. Since its commercialization in August 2017, VenusA-Valve series products have comprised the major portion of our revenue, and are expected to account for a substantial portion of our sales in the near future. VenusP-Valve received the CE MDR Marking in the EU on April 8, 2022, and was approved by the NMPA for marketing on July 11, 2022.

The Group's revenue for the year ended December 31, 2024 was RMB470.8 million, representing a decrease of 4.2% compared to RMB491.4 million for the year ended December 31, 2023. The fluctuation in revenue was due to the slight decrease in the unit price of products. Facing a highly competitive market environment, the Company, in order to enhance its overall profitability, did not simply pursue TAVR procedure volume and market share, but rather actively balanced market share with the pursuit of profitability in order to continue to create greater long-term value.

The following table sets forth a breakdown of our revenue by product:

Revenue	Year ended December 31, 2024		Year ended December 31, 2023	
	RMB'000	Proportion	RMB'000	Proportion
VenusA series products	**379,793**	**80.7%**	409,747	83.4%
VenusP-Valve	**87,159**	**18.5%**	76,431	15.6%
Others	**3,881**	**0.8%**	5,195	1.0%
Total	**470,833**	**100%**	491,373	100%

Cost of Sales

The cost of sales primarily consists of staff costs, raw material costs, depreciation and amortization, utility costs and others.

The Group's cost of sales for the year ended December 31, 2024 was RMB103.1 million, representing an increase of 0.9% compared to RMB102.2 million for the year ended December 31, 2023. The Group will further enhance profitability by continuously optimizing the cost structure and improving production efficiency.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group deceased by 5.5% from RMB389.2 million for the year ended December 31, 2023 to RMB367.7 million for the year ended December 31, 2024. Gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group decreased from 79.2% for the year ended December 31, 2023 to 78.1% for the year ended December 31, 2024. The gross profit margin level remained relatively stable, with a slight decrease mainly related to a decline in product unit prices.

Other Income and Gains

The Group's other income and gains for the year ended December 31, 2024 was RMB38.5 million, representing a decrease of 84.1% compared to RMB241.6 million for the year ended December 31, 2023, primarily attributable to the fair value adjustment of contingent consideration payables related to the acquisition of Hangzhou Nuocheng Medical Technology Co., Ltd. (杭州諾誠醫療科技有限公司) ("Nuocheng"), which were not required to be settled based on the acquisition agreement signed with Nuocheng in the previous year, with no related matters this year.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the year ended December 31, 2024 was RMB245.1 million, representing a decrease of 18.4% compared to RMB300.5 million for the year ended December 31, 2023. The Company adhered to the "profit-making" strategy, implemented cost reduction and efficiency enhancement measures, improved overall synergy efficiency, continuously integrated internal resources with the goal of profitability, and enhanced market marginal contribution.

R&D Costs

The Group's R&D costs for the year ended December 31, 2024 was RMB341.2 million, representing a decrease of 35.0% compared to RMB524.9 million for the year ended December 31, 2023. The change was primarily attributable to the optimization of production line layout within the Group to reduce costs and increase efficiency.

The following table sets forth a breakdown of R&D costs:

	Year ended December 31, 2024 (RMB'000)	Year ended December 31, 2023 (RMB'000)
Staff costs	**112,631**	154,754
Raw material costs	**56,379**	110,739
R&D service expenses	**32,151**	58,239
Intellectual property expenses	**12,990**	34,240
Clinical trial expenses	**28,547**	41,994
Depreciation and amortization	**84,668**	77,889
Others	**13,819**	47,060
	341,185	524,915

Administrative Expenses

The Group's administrative expenses for the year ended December 31, 2024 was RMB146.0 million, representing a decrease of 5.1% compared to RMB153.8 million for the year ended December 31, 2023. The Group implemented strict cost control measures, leading to a significant decrease in administrative expenses. However, the one-off expenses related to Forensic Investigation and resumption of trading incurred during the suspension period offset the related savings, resulting in only a slight decrease in administrative expenses for the year.

Other Expenses

The Group's other expenses for the year ended December 31, 2024 was RMB372.4 million, representing an increase of 18.6% compared to RMB314.0 million for the year ended December 31, 2023. It was primarily due to the Group's provision for asset impairment on historical investments such as investment in Opus Medical Therapies, LLC ("Opus"), intangible assets of Hangzhou Nuocheng Medical Technology Co., Ltd. (杭州諾誠醫療科技有限公司) ("Nuocheng"), and Venus Medtech Life and Health Industrial Park ("Industrial Park"). For more details, please refer to the section headed "Impairment" of this annual report.

Impairment

Financial instruments measured at fair value

Background

Opus is an innovative medical device company focused on developing transcatheter mitral valve replacement and transcatheter tricuspid valve replacement (TMVR/TTVR) products. In May 2020, the Group reached a cooperation agreement with Opus to jointly develop, manufacture, and sell TMVR and TTVR products in the Greater China. The Group invested in convertible bonds of US$4.0 million and equity interests of US$1.0 million in April 2020, respectively, and further invested in convertible bonds of US$5.0 million and equity interests of US$1.0 million in March 2021. The ultimate beneficial owner of Opus is Vivek Rajapopal, who holds approximately 40.7% shares of Opus. Apart from the Company itself, all other shareholders of Opus, including its ultimate beneficial owner, are independent from the Company and its connected persons of the Company.

In mid-2024, the Group conducted a review of Opus's operational status: 1) Engaged in routine communication with Opus's management. As of June 30, 2024, Opus's business operations remained normal; 2) Review of Opus's financial statements and operational updates. The results indicated that while its cash position has decreased due to scheduled R&D expenditures, its First-in-Human clinical trials were progressing as planned. The Group considered the current operational runway sufficient for Opus to secure necessary financing, which is consistent with industry norms for early-stage innovative medical device companies; and 3) Communication with overseas industry experts. It has not found any significant adverse changes in Opus's business operations, including its R&D progress. Based on this assessment, the management determined that there were no significant impairment indications during the interim review period.

As at December 31, 2024, the convertible bonds of Opus held by the Company (with a total carrying value of US$9.0 million) matured. While Opus failed to repay the principal and interest to the Company, Opus's management disclosed that it was in the process of negotiation of other commercial transactions to secure operational funds.

In February 2025, Opus's management further confirmed that although Opus had made some progress in research and development and clinical stages, follow-up clinical data indicated that the product performance indicators have not yet reached the predefined clinical endpoints, necessitating further investment for product technology optimization.

In late March 2025, the Company obtained Opus's latest financial statements as of February 28, 2025, which indicated that the cash balance of Opus further decreased to approximately US$0.5 million. As of the date of this report, the Group has not yet obtained any recoverable debt repayment, and management is assessing the relevant debt recovery plans. In light of then-current R&D progress achieved by Opus, the inherent uncertainties and risks associated with early-stage biotechnology companies in R&D, and the Company's relatively limited ability to obtain Opus's financial and business information in its capacity as a passive minority financial investor without representative at board or management level of Opus, the default as mentioned above could not have been anticipated under 2024 interim review or through the subsequent internal control measures implemented by the Company.

While Opus's default under the convertible bonds was identified in 2024, the Company has made commercially reasonable efforts to continuously monitor Opus's financial and business conditions through various measures, and has promptly recognized the relevant asset impairment after the default materialized: 1) R&D Progress: the Company has maintained close communications with Opus's management in relation to its latest R&D progress, and industry research has also been conducted by the Company on a regular basis to verify the development of Opus's product; 2) Financing opportunities: the Group has actively reached out and negotiated with Opus's management and supported Opus's efforts to explore external financing resources for its continued development and operation; and 3) Repayment plan: despite ongoing negotiation with Opus for the feasible repayment plans, the Company has been proactively exploring and evaluating various measures to mitigate further losses arising from Opus's default and maximize the Company's recovery, including but not limited to evaluating potential legal measures.

Impairment method

The Company engaged Hangzhou PG Advisory Co., Ltd. (杭州樸谷企業管理諮詢有限公司) ("PG"), an independent third-party valuer to perform a qualitative evaluation on the convertible bonds of Opus On the grounds that (1) the convertible bonds held by the Company in Opus had matured as at December 31, 2024; (2) Opus had no sufficient funds to repay the convertible bonds; (3) the financing progress of Opus and the clinical data of its products were both below expectations; and (4) Opus's cash on hand has fallen to base levels, raising significant uncertainty about its ability to continue as a going concern. Considering that the distribution rights of the remaining equity are subordinate to those of creditors, the Group has no intention of converting the convertible bonds into shares, PG determined that the fair value of the convertible bonds of Opus as of December 31, 2024 is insignificant in the amount of approximately nil.

The Group recognized a full impairment loss on financial assets related to Opus for the year ended December 31, 2024, with RMB73.6 million included in the profit and loss statement and RMB16.4 million included in other comprehensive income.

Intangible assets

Background

Founded in 2017, Nuocheng is a private company incorporated in the PRC engaged in the design, development, and commercialisation of medical devices. On September 30, 2021 (after trading hours), based on its product portfolio in the field of structural heart disease, the Company, through one of its wholly-owned subsidiaries incorporated in China, entered into a share transfer agreement to acquire the equity interests in Nuocheng. As at the end of 2023, the management of the Group has made a prudent decision not to make further business planning for the Liwen RF® ablation system and to only maintain the patents related to core technology of the product, after taking into account the domestic and overseas market conditions, as well as the Group's product layout and long-term development strategy. For details, please refer to the announcement published by the Group on October 10, 2021 and the "Annual Report 2023" published on April 29, 2024.

In early 2024, an innovative product directly competing with Nuocheng's primary indication field successfully obtained special review status for innovative medical devices from the NMPA. This resulted in competing products making progress in the commercialisation process faster than Nuocheng.

In September 2024, the Company engaged a professional patent consulting firm to systematically evaluate a portfolio of non-core patents, including the Liwen RF® technology of Nuocheng, with the aim of realizing asset monetization through market transfer and reducing patent maintenance costs.

Due to the suspension of the Nuocheng's R&D projects, key R&D members of the original technical team gradually left, and by the end of 2024, the R&D team had fully disbanded. Despite the Company's active efforts to explore potential sales opportunities for these patents, given the unfavorable market prospects for this technological pathway, no potential buyers were identified as of the date of the report.

In early 2025, following a systematic assessment conducted by the Company, it was confirmed that the Liwen RF® technology significantly differed from the technical roadmap of the Company's core heart valve product line, and its technical principles could not be adapted or applied to the existing product platform.

Impairment method

PG, the independent third-party valuer, performed a qualitative analysis on the value of Nuocheng's patent based on a comprehensive evaluation of multiple factors including unviable market for sale, obstacles to commercialization, and a lack of technical synergy, and determined that the recoverable amount of Nuocheng's patent portfolio is insignificant in the amount of approximately nil.

Based on PG's valuation and having considered the factors including (1) the R&D development progress made by the competing peer company in 2024, (2) the Company's ongoing efforts in 2024 and the first quarter of 2025 for potential sales opportunities of the patents held by Nuocheng with no buyers identified, and (3) the assessment conducted by the Company in early 2025, PG determined that the recoverable amount of such patents was insignificant and fully recognized impairment losses on such intangible assets of RMB62.0 million (2023: RMB15.8 million).

For more details, please refer to note 17 to the consolidated financial statements.

Long-term assets

Background

For the year ended December 31, 2024, the Group implemented strategic adjustments to focus on the core business of heart valves, gradually suspended the investment in the Venus Medtech Life and Health Industrial Park ("Industrial Park") project located in Binjiang District from the second half of the year, and planned to conduct asset divestiture.

Starting in the third quarter of 2024, the Company was in discussion with certain potential buyers. By the fourth quarter of 2024, after multiple rounds of substantive negotiations, the Company became aware that the prevailing market prices were generally below the initial investment costs. During this period, the Company continuously monitored market dynamics and evaluated disposal options.

In the first quarter of 2025, the Group continued to advance the potential transaction process. In January 2025, exclusive negotiations were initiated with a preferred buyer, and a proposal for the acquisition of such assets was received by the Company in February 2025. However, the terms proposed by the possible buyer were below expectations.

Despite the ongoing negotiations, the Company has not entered into any form of arrangement or agreement with the possible buyer by the end of March 2025.

Impairment method

PG performed a quantitative valuation on the Industrial Park by using the income capitalization approach. In the valuation of the property which was under construction as at December 31, 2024, PG has valued the property on the basis that it will be developed and completed in accordance with the latest development proposal provided by the Company.

PG has assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at its opinion of values, PG has adopted the income capitalization approach by capitalizing the existing rental income from all leasehold units over the remaining lease term, while vacant units are assumed to be rented at the market rate as of the valuation date and also taken into account the costs that will be expended to complete the developments. The "capital value as if completed" represents its opinion of the aggregate capitalizing the rental incomes of the property interests assuming that it would be completed as at December 31, 2024.

Key parameters of the impairment assessment for the Industrial Park as at 31 December 2024 are set out below:

	Plot 01[1]				
Land expire date			2071/10/20		
Reversionary yield/Discount rate			6.50%		
Vacancy rate			10.00%		
Market Rent (RMB/sqm/month)			61		
Development and construction period	4.00 Years	From	2022/12/15	to	2026/12/15
Remaining development period	1.96 Years	From	2024/12/31	to	2026/12/15
Paid-up construction cost (RMB)[2]			211,690,000		
Total construction cost budget (RMB)			641,570,000		
Gross development value (RMB)			737,930,000		

	Plot 02[1]				
Land expire date			2071/10/20		
Reversionary yield/Discount rate			6.50%		
Vacancy rate			10.00%		
Market Rent (RMB/sqm/month)			61		
Development and construction period	2.98 Years	From	2022/12/15	to	2025/12/7
Remaining development period	0.93 Years	From	2024/12/31	to	2025/12/7
Paid-up construction cost (RMB)[2]			104,020,000		
Total construction cost budget (RMB)			324.630,000		
Gross development value (RMB)			431,220,000		

**Note:* 1 the impairment assessments have been separately performed for the two plots with different development and construction periods.

2 Paid-up construction cost refers to the expense incurred by the Group for the main building (renovation).

Based on PG's valuation, the recoverable amount of the Industrial Park (excluding value-added tax) is approximately RMB338.2 million. As the carrying value of the project as at the end of the Reporting Period was RMB464.2 million (mainly including construction in progress and land use rights), impairment loss of RMB126.0 million relating to construction in progress was recognized and included in other expenses in the consolidated statement of profit or loss in the current year.

Internal control related to post-investment management

In the second half of 2024, in addition to the existing investment department, the Company appointed a Vice President of Strategic Development with extensive experience in private equity investment, risk control, and post-investment management to oversee the post-investment management of all portfolio companies. The finance and legal departments also participate in the process, and the Company reviews and updates its investment and financing management policies on a regular basis.

Current Post-Investment Management Practices & Internal Controls

1) Monitor industry trends of portfolio companies to assess their impact on the portfolio companies; 2) Communicate regularly or irregularly with the management of portfolio companies to understand the latest developments in their business; 3) Regularly collect the financial statements, operational reports (if applicable), and updates on financing activities of portfolio companies; 4) Attend board meetings (if appointed as a director) and general meetings to participate in key decision-making processes; 5) Engage third-party valuation firms during each reporting period to assess fair value adjustments and net investment; and 6) Prepare post-investment exit analysis reports for review by senior management (including the CEO and CFO) and the board, with exit decisions exceeding a certain threshold requiring approval from the general meeting.

The Board believes that the investment situation largely depends on the development results of its core products and financing progress. Regarding internal control measures mentioned above, the Board has not identified any material defects in the existing internal controls.

Impairment Losses on Financial Assets, Net

The Group's accrued impairment losses on financial assets, net, for the year ended December 31, 2024 was RMB21.4 million, representing an increase of RMB23.6 million compared to the reversal on impairment losses on financial assets, net, of RMB2.2 million, for the year ended December 31, 2023. The change was primarily attributable to the provision for impairment allowance on individual other receivables with lower likelihood of recovery.

Finance Costs

The Group's finance costs for the year ended December 31, 2024 was RMB16.6 million, representing a decrease of 73.5% compared to RMB62.7 million for the year ended December 31, 2023. The decrease was primarily attributable to the decrease in interest expenses as a result of the repayment of bank loans by the Group during the Reporting Period.

Share of Loss in Investments in Associates and Joint Ventures Accounted for Using the Equity Method

For the year ended December 31, 2024, the Group's share of loss in investments in associates and joint ventures accounted for using the equity method was RMB4.2 million, representing a decrease of 66.1% from share of loss of RMB12.4 million for the year ended December 31, 2023, which was primarily attributable to changes in losses recorded by our investees during the Reporting Period.

Income Tax

The Group's income tax credit for the year ended December 31, 2024 was RMB23.3 million, representing an increase of 269.8% compared to the income tax credit of RMB6.3 million for the year ended December 31, 2023. The change in tax credit recorded during the Reporting Period was related to deferred tax recognized in profit or loss (fair value adjustment on acquisition of a subsidiary).

Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Company has provided commercialization profit, commercialization profit margin, EBITDA and adjusted EBITDA as non-IFRS measures, which are not required by, or presented in accordance with IFRS. The Company believes that the non-IFRS adjusted financial measures provide useful information to investors and others in understanding and evaluating the Group's consolidated statements of profit or loss in the same manner as they helped the Company's management, and that the Company's management and investors may benefit from referring to these non-IFRS adjusted financial measures in assessing the Group's operating performance from period to period by eliminating impacts of items that the Group does not consider indicative of the Group's operating performance. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. You should not view the non-IFRS adjusted results on a stand-alone basis or as a substitute for results under IFRS.

The following table sets out a reconciliation of non-IFRS commercialization profit to gross profit for the periods indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Revenue	**470,833**	491,373
Cost of sales	**(103,087)**	(102,168)
Gross profit	**367,746**	389,205
Add/(less):		
Selling and distribution expenses	**(245,066)**	(300,477)
Other expenses		
Including: charitable donations	**(25,010)**	(42,788)
Non-IFRS commercialization profit[1]	**97,670**	45,940
Non-IFRS commercialization profit margin[2]	**20.7%**	9.3%

1 Non-IFRS commercialization profit represents gross profit after deducting (i) selling and distribution expenses; and (ii) charitable donations.

2 Non-IFRS commercialization profit represents commercialization profit divided by revenue, which is used to measure the Company's commercialization capability.

The following table sets out a reconciliation of non-IFRS EBITDA and adjusted non-IFRS EBITDA to loss before tax for the periods indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Loss before tax	**(740,713)**	(735,340)
Finance costs	**16,647**	62,716
Depreciation and amortization	**102,307**	100,646
Non-IFRS EBITDA[1]	**(621,759)**	(571,978)
Non-recurring gains and losses[2]:		
Impairment on financial assets	**73,645**	–
Impairment on intangible assets and goodwill	**62,026**	248,780
Changes in the fair value of financial assets and contingent liabilities	**40,135**	(181,874)
Asset impairment and termination compensation related to Industrial Park	**152,718**	–
Share of loss in investments in associates and joint ventures accounted for using the equity method	**4,154**	12,381
Expenses related to litigation, investigation, and resumption of trading	**35,410**	26,732
Adjusted non-IFRS EBITDA[3]	**(253,671)**	(465,959)

1 Non-IFRS EBITDA represents earnings/(loss) before interest, tax, depreciation and amortization (excluding manufacturing costs).

2 The non-recurring gains and losses recorded during the year are income or losses generated outside of normal business activities, characterized by their incidental and non-continuous nature, and are expected not to have a lasting impact on the performance of future years. These matters primarily stem from the impairment of financial assets, impairment of intangible assets and goodwill, changes in fair value of financial assets and contingent liabilities, impairment of Industrial Park, and termination compensation, share of loss in associates and joint ventures, as well as expenses related to resumption of trading.

3 Adjusted non-IFRS EBITDA represents earnings/(loss) before interest, tax, depreciation and amortization (excluding manufacturing costs) and non-recurring gains and losses.

Capital Management

The primary goal of the Group's capital management is to maintain the Group's stability and growth, safeguard its normal operations and maximize shareholders' value. The Group reviews and manages its capital structure on a regular basis, and makes timely adjustments to it in light of changes in economic conditions. To maintain or realign our capital structure, the Group may raise capital by way of bank loans or issuance of equity or convertible bonds.

Liquidity and Financial Resources

The Group's cash and cash equivalents as at December 31, 2024 were RMB298.0 million, representing a decrease of 61.5% compared to RMB774.4 million for the year ended December 31, 2023. The decrease was primarily attributable to the repayment of bank borrowings and related daily operating expenses during the Reporting Period.

We rely on capital contributions by the Shareholders and bank loans as the major sources of liquidity. We also generate cash from our sales revenue of existing commercialized products. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of existing commercialized products and by launching new products, as a result of the broader market acceptance of our existing products and our continued efforts in marketing and expansion, improving cost control and operating efficiency and accelerating the turnover of trade receivables by tightening our credit policy.

Borrowings and Gearing Ratio

The Group's total borrowings, including interest-bearing borrowings, as at December 31, 2024 were RMB283.0 million (December 31, 2023: RMB705.9 million). Borrowings of the Group are mainly carried with interest charged at floating rates. For a breakdown of the borrowings of the Group, please refer to the Note 29 to the Financial Statements in this annual report.

The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at December 31, 2024 was 16.7% (December 31, 2023: 28.3%).

Net Current Assets

The Group's net current assets, as at December 31, 2024 were RMB440.7 million, representing a decrease of 45.1% compared to net current assets of RMB802.9 million as at December 31, 2023.

Foreign Exchange Exposure

We have transactional currency exposures. Certain of our bank balances, other receivables, other financial assets, other payables and other financial liabilities are dominated in foreign currencies and are exposed to foreign currency risk. 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.

Significant Investments

As at December 31, 2024, we did not hold any significant investment (including any investment in an investee company) with a value of 5% or more of the Group's total assets.

Material Acquisitions and Disposals

During the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures of the Company.

Capital Expenditure

For the year ended December 31, 2024, the Group's total capital expenditure amounted to approximately RMB41.6 million, which was used in (i) purchase of items of property, plant and equipment; and (ii) purchase of other intangible assets.

Indebtedness and Charge on Assets

As of December 31, 2024, certain of the Group's loans amounted to RMB265.5 million (December 31, 2023: RMB569.1 million) were secured by mortgages or pledges over our assets. The mortgaged or pledged assets were leasehold land.

Saved as disclosed above, (i) the Company had no other bank loans, convertible loans and borrowings nor did the Company issue any bonds; and (ii) there was no other pledge of the Group's assets as at December 31, 2024.

Contingent Liabilities

As at December 31, 2024, except for the fair value of contingent consideration payable for acquisition of a subsidiary of the total amount of RMB363.9 million (for details, please refer to the announcement of the Company headed "Discloseable Transaction-Acquisition of Equity Interests in Mitraltech (formerly known as "Cardiovalve") and Subscription of Convertible Loan" dated December 8, 2021), we did not have any contingent liabilities.

Further Information in respect of the unauthorized loans and pledged deposits

Reference is made to (i) sections 3 and 4 headed "Unauthorized loans to Jiangsu Wuzhong" and "Unauthorized guarantees to Hangzhou Kuntai" in the announcement of the Company dated February 23, 2024; (ii) the announcement of the Company dated April 16, 2024; (iii) the 2023 Annual Report; (iv) the announcement of the Company dated May 23, 2024; (v) the announcement of the Company dated August 23, 2024; (vi) the announcement of the Company dated November 22, 2024; (vii) the announcement of the Company dated January 13, 2025; and (viii) the announcement of the Company dated March 12, 2025.

As of April 16, 2024, the full amount of the unauthorized pledged deposits provided by the Group of an aggregate of RMB200,000,000 as security in respect of loans to Hangzhou Kuntai, had been released by the relevant bank and further withdrawn by the Company.

On March 26, 2025, the Company received the arbitration award from Hangzhou Arbitration Commission, which is in favor of the Company's requests. As of the date of this annual report, the unauthorized loan of RMB80,000,000 to Jiangsu Wuzhong has not been repaid. The Company will initiate the enforcement procedures in accordance with the law.

Employees and Remuneration Policies

As of December 31, 2024, we had 691 employees in total (December 31, 2023: 865).

Among the 691 employees, 596 of our employees are stationed in China, and 95 of our employees are stationed overseas primarily in the Israel, U.S. and Europe. In compliance with the applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. These employment contracts typically have terms of three to five years.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, and are intending to implement the share incentive scheme.

Future Investment Plans and Expected Funding

The Group will continue to expand its markets in the PRC and globally in order to tap its internal potential and maximize Shareholders' interest. The Group will continue to grow through self-development, mergers and acquisitions, and other means. We will employ a combination of financing channels to finance capital expenditures, including but not limited to internal funds, equity financing and bank loans.

III. PROSPECTS

In 2024, the Group faced a complex and severe internal and external environment. Externally, global geopolitical uncertainties, high federal funds rates, and the domestic macroeconomic transition phase overlapped, exerting growth pressure on the healthcare industry as well. In terms of internal factors, the Group was suspended from trading for the entire year, which posed significant challenges and pressures on the development of various aspects of the Group's business. Facing numerous challenges from the macro environment, industry, and within the Group itself, the Group has implemented a series of cost reduction and efficiency enhancement measures to improve operational capabilities, while maintaining its leading position in the domestic structural heart disease industry.

Looking ahead to 2025, facing numerous challenges and opportunities, the Group may adopt the following strategies, including but not limited to, to actively respond:

1. We will focus on the core valve business of "Four-Valve Integration" and gradually divest non-core businesses.

2. In terms of the valve business, we will pursue commercialization profits, further implement cost reduction and efficiency enhancement measures, and strive to significantly reduce losses.

3. Considering the Group's cash flow situation, it will reprioritize the clinical progress of its product pipeline while further exploring overseas sales models that align with its development stage.

4. The Group will leverage its established sales platform to introduce synergistic product pipelines in the field of structural heart disease.

Looking ahead, we will continuously drive the long-term sustainable development of the Company through innovation and strategic execution. We believe that through the collective efforts of all employees, propelled by sound management and innovative investments, we will demonstrate increased resilience and competitiveness in the complex and ever-changing market environment. We aim to maintain our industry-leading position and make a greater contribution to the development of the field of structural heart diseases in China.

IV. RISK MANAGEMENT

Principal Risks and Uncertainties facing the Company

The principal risks and uncertainties that may cause the Group's financial conditions or results to materially deviate from the expected or historical results can be categorized into the following areas: (A) risks relating to our business, comprising (i) risks relating to the development of our product candidates, (ii) risks relating to extensive government regulations, (iii) risks relating to the commercialization and distribution of our products, (iv) risks relating to the manufacture and supply of our products, (v) risks relating to our intellectual property rights, and (vi) risks relating to our reliance on third parties; (B) risks relating to our financial position and need for additional capital; (C) risks relating to our operations; and (D) risks relating to doing business in China, as described below:

Risks relating to Our Business

Risks relating to the Development of Our Product Candidates

- We have incurred net losses since our inception, and may incur net losses for the foreseeable future, and potential investors may lose substantially all their investments in us given the high risks involved in the medical device business.

- Our future growth depends substantially on the success of our product candidates. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.

- If we do not introduce new products in a timely manner, our products may become obsolete and our operating results may suffer.

- If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

- Clinical product development involves a lengthy and expensive process with an uncertain outcome, and unsuccessful clinical trials or procedures relating to products under development could have a material adverse effect on our prospects.

- If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

Risks relating to Extensive Government Regulations

- All material aspects of the research, development and commercialization of our products are heavily regulated.

- If we are not able to obtain, or experience delays in obtaining, required regulatory approvals, we will not be able to commercialize our product candidates, and our ability to generate revenue will be materially impaired.

- Undesirable adverse events caused by our products and product candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved label or result in significant negative consequences following any regulatory approval.

- Our products and any future products will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expenses, and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products and/or product candidates.

- If our current and new products are not produced in compliance with the quality standards required under applicable laws, our business and reputation could be harmed, and our revenue and profitability could be materially and adversely affected.

- The recently enacted and future legislation may increase the difficulty and cost for us to obtain regulatory approval of, and commercialize, our product candidates and affect the prices we may obtain.

Risks relating to the Commercialization and Distribution of Our Products

- If our products cause, or are perceived to cause, severe adverse events, our reputation, revenue and profitability could be materially and adversely affected.

- Failure to achieve broad market acceptance or maintain a good reputation necessary for our cardiovascular products and any future products would have a material adverse impact on our results of operations and profitability.

- We rely on our in-house marketing force to promote our products.

- There is no guarantee that we will succeed in expanding our sales network to cover new hospitals.

- If we fail to maintain an effective distribution channel for our products, our business and sales of the relevant products could be adversely affected.

- If we experience delays in collecting payments from our distributors, our cash flows and operations could be adversely affected.

- We face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.

- Our sales may be affected by the level of medical insurance reimbursement patients receive for TAVR procedures using our products.

Risks relating to the Manufacture and Supply of Our Products

- Delays in completing and receiving regulatory approvals for our manufacturing facilities, or damage to, destruction of or interruption of production at such facilities, could delay our development plans or commercialization efforts.

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

- The manufacture of our products is highly complex and subject to strict quality controls. If we or any of our suppliers or logistics partners encounter manufacturing, logistics, or quality problems, including as a result of natural disasters, our business could suffer.

- Fluctuations in prices of raw materials may have a material adverse effect on us.

- We may experience supply interruptions that could harm our ability to manufacture products.

- We rely on a supply from a limited number of suppliers, which may severely harm our operations if the supplier loses its qualification or eligibility because of its failure to comply with regulatory requirements or ceases its supply due to contractual disputes.

- Failure to maintain and predict inventory levels in line with the level of demand for our products could cause us to lose sales or face excess inventory risks and holding costs, either of which could have a material adverse effect on our business, financial condition and results of operations.

Risks relating to Our Intellectual Property Rights

- If we are unable to obtain and maintain patent protection for our products and product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

- We may not be able to protect our intellectual property rights.

- 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.

- If we are sued for infringing intellectual property rights of third parties, such litigation could be costly and time consuming and could prevent or delay us from developing or commercializing our product candidates.

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

- Changes in patent law 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 that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Risks relating to Our Reliance on Third Parties

- If the third parties with which we contract for pre-clinical research and clinical trials do not perform in an acceptable manner, or if we suffer setbacks in these pre-clinical studies or clinical trials, we may be unable to develop and commercialize our product candidates as anticipated.

- We rely upon strong relationships with certain key physicians and leading hospitals in the clinical development and marketing of our products.

- 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 cross-border transfer of data may be limited or restricted.

Risks relating to Our Financial Position and Need for Additional Capital

- Goodwill represented a significant portion of our total assets. If we determine our goodwill to be impaired, our results of operations and financial condition may be adversely affected.

- If we determine our intangible assets (other than goodwill) to be impaired, our results of operations and financial condition may be adversely affected.

- We have historically received government grants and subsidies for our R&D activities and we may not receive such grants or subsidies 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 adverse effect on our financial performance.

Risks relating to Our Operations

- Our future success depends on our ability to retain key personnel in our R&D team, sales and marketing team and executives and to attract, retain and motivate qualified personnel.

- We have significantly increased the size and capabilities of our organization, and we may experience difficulties in managing our growth.

- If we engage in acquisitions or strategic partnerships, this may increase our capital requirements, dilute our Shareholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.

- If we fail to successfully integrate our recently acquired subsidiary or any future targets into our own operations, our post-acquisition performance and business prospects may be adversely affected.

- Product liability claims or lawsuits could cause us to incur substantial liabilities.

- 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 fail to comply with applicable anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations.

- If we 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.

- Our internal computer systems may fail or suffer security breaches.

- If we or 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.

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

- Our insurance coverage may not completely cover the risks related to our business and operations.

- Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

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 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.

- There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.

- Potential investors may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

- We are a PRC enterprise and we are subject to PRC tax on our global income, and the dividends payable to investors and gains on the sale of our Shares by our investors are subject to PRC tax. Under the Enterprise Income Tax Law of the PRC, our offshore subsidiaries may therefore be subject to PRC income tax on their worldwide taxable income.

- Payment of dividends is subject to restrictions under PRC law and regulations.

- Any failure to comply with PRC regulations regarding our Employee Incentive Scheme or the mandatory social insurance may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

- Restrictions on currency exchange may limit our ability to utilize our revenue effectively.

- Our business benefits from certain financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

- Regulations relating to offshore investment activities by PRC residents may subject us to fines or sanctions imposed by the PRC government, including restrictions on our PRC subsidiary's abilities to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiary.

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

Key Principles of Risk Management

We recognize that risk management is critical to the success of our business. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the Chinese and global medical device markets, our ability to develop, manufacture and commercialize our products and product candidates and our ability to compete with other medical device companies. We also face various financial risks. In particular, we are exposed to credit, liquidity, interest rate and foreign exchange risks that may arise in the normal course of our business.

We have 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 ongoing basis. The Audit Committee and ultimately the Board supervise the implementation of our risk management policies. Risks identified by our management will be analyzed on the basis of likelihood and impact, and will be properly followed up, mitigated and rectified by our Group and reported to the Board.

The following key principles outline our Group's approach to risk management and internal control:

- The Audit Committee oversees and manages the overall risks associated with our business operations, including:
  - reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives;
  - reviewing and approving our corporate risk tolerance;
  - monitoring the most significant risks associated with our business operation and our management's handling of such risks;
  - reviewing our corporate risk in light of our corporate risk tolerance; and
  - monitoring and ensuring the appropriate application of our risk management framework across our Group.

- The Company has established a reorganized and enhanced internal audit and compliance department to supervise the compliance and implementation of the internal controls of the Group, with direct reporting lines to the Audit Committee. An internal audit and compliance senior manager has been appointed to:

  (i) supervise the compliance and implementation of the internal controls of the Group;

  (ii) conduct financial, operational and compliance audits of the Group;

  (iii) report to the audit committee of the Board in respect of internal audit matters; and

  (iv) plan and execute other internal audit activities.

- The Company has established a Management committee (the "Management Committee") comprising three Directors to oversee the Group's internal control functions:

  For certain significant and infrequent operational activities such as all loans/guarantees/pledges and investments, connected parties' transactions, any external operational payments and disposal of assets with a single transaction amount exceeding RMB10 million, which are initiated and approved by the executives of the Company, these matters (should they occur) will then pass to the Management Committee as an additional layer of oversight to ensure compliance with internal policies and governance frameworks.

- The relevant departments in our Company, including the finance department, the legal department, the human resources department and the compliance department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments shall:

  – gather information about the risks relating to their operation or function;

  – conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives;

  – prepare a risk management report annually for our chief executive officer's review;

  – monitor the key risks relating to their operation or function;

  – implement appropriate risk responses where necessary; and

  – develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

Intellectual Property Rights Risk Management

Compliance with applicable PRC and overseas laws and regulations, especially laws and regulations governing the protection of our intellectual property rights and the prevention of liabilities resulting from potential illegal content of publication and intellectual properties infringement, are major focus areas of our operational risk management. Our legal department is responsible for approving contracts, monitoring any changes in the applicable laws and regulations and ensuring the ongoing compliance of our operations with the applicable law and regulations.

Our intellectual property department assists in conducting searches and analysis to help ensure that all of our intellectual property is under the protection of relevant laws and regulations and also helps ensure the application for trademark, copyright or patent registrations for, as well as filing with relevant authorities of, all of our products. For example, under our internal policies implemented in 2018, during the product development phase, our intellectual property department assesses the potential legal issues surrounding the product being developed, such as making or obtaining necessary government filings or approvals, the feasibility of obtaining such approvals, potential intellectual property risks and third-party licenses required. The intellectual property department then administers the execution process of obtaining the necessary filings, approvals, and/or licenses. Other than some standard contracts which have been reviewed and adopted by the legal department, all the contracts of our Company are required to be reviewed and approved by our legal department prior to execution.

Directors, Supervisors and Senior Management

As of the Latest Practicable Date, the biographical details of the Directors, Supervisors and senior management of the Company are set as follows.

DIRECTORS

Mr. Lim Hou-Sen (Lin Haosheng) (林浩昇), aged 51, is an executive Director of our Company since December 15, 2023 and general manager of our Company since November 20, 2023. Mr. Lim joined the Group in December 2016 as the chief technology officer. Mr. Lim served as an executive Director of the Company from November 2018 to January 2023 and as the chief executive officer of the Company with effect from September 22, 2023 until November 20, 2023.

Mr. Lim has more than 20 years of industry experience. Prior to joining our Group, Mr. Lim was the managing director and chief technology officer of Transcatheter Technologies GmbH, a medical device company incorporated in Germany which primarily focuses on heart valve implantation and aortic therapy solutions, from January 2009 to October 2016. From September 2005 to December 2008, Mr. Lim was the founder and served as the chief executive officer of EndoCor Pte. Ltd., a company incorporated in Singapore which develops minimally invasive heart valve and medical devices in the structural heart space. From March 2003 to December 2008, Mr. Lim was a managing director in a biomedical company named Embryon, Inc., which primarily engages in research and experimental development on biotechnology, life and medical science.

Mr. Lim received a bachelor's degree in mechanical engineering from Nanyang Technological University in Singapore in July 1999 and a master's degree of engineering from Nanyang Technological University in Singapore in June 2002.

Mr. Liqiao Ma (馬力喬), aged 40, is an executive Director of our Company and has served as the vice president of clinical medicine of the Company since 2019. He was appointed as an executive Director of our Company on December 15, 2023.

Mr. Ma served as a clinical research manager at Medtronic plc from 2013 to 2019, a project manager at CCRF (Beijing) Inc. from 2011 to 2013, and an assistant to clinical pharmacist at Beijing United Family Hospital from 2009 to 2011.

Mr. Ma has over fifteen years of experience in the medical industry with focus on medical affairs, clinical research and clinical development in the cardiovascular medical device field, including over two years of frontline medical service experience and over twelve years of dedicated work experience in medical devices. He has led the formulation and implementation of clinical strategies for multiple innovative products and successfully completed clinical trials and obtained market approval in various countries and regions including the PRC, Europe, and the United States. Mr. Ma is also a member of the Digital Healthcare Professional Committee of the China Association for Promotion of Health Science and Technology (中國人體健康科技促進會數字醫療專業委員會).

Mr. Ma obtained a bachelor's degree in pharmaceutical engineering from Nanjing University of Chinese Medicine in June 2008.

Ms. Meirong Liu (柳美榮), aged 49, is an executive Director and the vice president of our Company responsible for global regulatory legal affairs of the Company and serves as its CE MDR compliance officer. Before joining our Company in November 2017, Ms. Liu was a medical affairs manager and acting director of NAMSA (Shanghai) Medical Device Technology Consulting Company (能盛(上海)醫療器械科技諮詢公司) between November 2015 and November 2017 and was a regulatory affairs director of Cook (China) Medical Trading Co., Ltd. (庫克(中國)醫療貿易有限公司) between September 2011 and November 2015. She served as a high commissioner for regulatory affairs and quality control at C.R. Bard Medical Device (Beijing) Co., Ltd. (巴德醫療器械(北京)有限公司) from February 2008 to August 2011 and a manager of regulatory and quality department at Dahe Kangye Technology Development (Beijing) Co., Ltd. (大河康業科技發展(北京)有限公司) from April 2007 to January 2008. Between April 2001 and March 2007, Ms. Liu was the head of the medical products department at Youyan Yijin New Material Co., Ltd. (有研億金新材料股份有限公司).

Ms. Liu obtained a bachelor's degree in metal pressure processing from Chongqing University (重慶大學) in Chongqing, China in July 1998 and a master's degree in material science and engineering from Beihang University (北京航空航天大學) in Beijing, China in March 2001. Ms. Liu is a member of Subcommittee on Cardiovascular Implants of National Technical Committee 110 on Implants for Surgery and orthopedic Devices of Standardization Administration of China (全國外科植入物和矯形器械標準化技術委員會心血管植入物分技術委員會).

Mr. Ao Zhang (張奧), aged 40, is a non-executive Director of our Company. Mr. Zhang has around 10 years of experience in healthcare investments. Mr. Zhang has worked at Qiming Weichuang Chuangye Investment Management (Shanghai) Ltd. Co. since January 2015 and is currently a Principal. Mr. Zhang served as a vice president and was responsible for the healthcare investment area at WI Harper Group, a venture capital firm focusing on early to growth stage companies across the United States, Greater China, and Asia Pacific, from June 2013 to December 2014. Prior to that, he worked as an investment associate at CEC Capital Group (formerly known as China eCapital Corporation) (易凱資本有限公司), an investment bank with a core focus on healthcare, consumer and technology, media and telecom sectors, from May 2010 to May 2013. Mr. Zhang was appointed as a director of Broncus Holding Corporation (堃博醫療控股有限公司) (a company whose shares are listed on the Stock Exchange with stock code: 2216) on April 29, 2021 and redesignated as a non-executive director on May 6, 2021. He is primarily responsible for participating in formulating Broncus Holding Corporation's corporate and business strategies.

Mr. Zhang obtained a bachelor's degree in biomedical engineering from Tsinghua University (清華大學) in Beijing, China in July 2007 and received his master of science degree in medical and radiological sciences from the University of Edinburgh in Edinburgh, United Kingdom in December 2008 and a master of science degree in risk management and financial engineering from Imperial College London in London, United Kingdom in November 2009.

Mr. Wei Wang (王瑋), aged 42, is a non-executive Director of our Company. Mr. Wang was appointed as a Shareholders' representative Supervisor on November 26, 2018 and resigned effective November 30, 2023. He was appointed as a non-executive Director of our Company on November 30, 2023.

Mr. Wang joined the Group on November 26, 2018. Mr. Wang has served as a managing director of DCP Capital since 2017, focusing on private equity transactions in the Greater China region. Prior to that, Mr. Wang served as an executive director at Kohlberg Kravis Roberts & Co. L.P. from 2011 to 2016, a senior investment manager of Orchid Asia Group from 2007 to 2011, and a business analysis consultant of Mckinsey & Company from 2005 to 2007.

For more than a decade of his direct investment career, Mr. Wang has been in charge of investment business in consumer and healthcare industries, and has led investments in the Company, Tonghua Dongbao Pharmaceutical Co., Ltd. (stock code: 600867.SH), Haier Group (stock code: 600690.SH), China Cord Blood Corporation (NYSE: CO), Broncus Holding Corporation (stock code: 2216), Shanghai Meihua Medical Investment Management Co., Ltd., Rosino Financial Leasing Co., Ltd, Shanghai Jiuyue Medical Investment Management Co., Ltd., Ascendum Capital Co., Ltd., Huicheng International Holdings Limited (formerly known as China Outfitters Holdings Limited) (stock code: 1146), Sino-Ocean Group Holding Limited (stock code: 3377) and other projects.

Currently, Mr. Wang has served as a non-executive director of Huicheng International Holdings Limited (formerly known as China Outfitters Holdings Limited) (stock code: 1146) since May 2012, a director of Sinopharm Holding (China) Finance Leasing Co., Ltd. since September 2019, the chairman of Shanghai Meihua Medical Investment Management Co., Ltd. since February 2021, and a director of Tonghua Dongbao Pharmaceutical Co., Ltd. (stock code: 600867.SH) since December 2020.

Mr. Wang received a bachelor's degree in international economics and trade from Shanghai Jiaotong University in the PRC in July 2005. Mr. Wang is also a life member of the Hong Kong Independent Non-Executive Director Association (HKINED).

Mr. Ting Yuk Anthony Wu (胡定旭), aged 71, was appointed as a Director in November 2018 and was redesignated as an independent non-executive Director in July 2019. Mr. Wu is primarily responsible for participating in the decision-making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management. Mr. Wu has been appointed as the chairman of the Board with effective from conclusion of the 2023 fourth extraordinary general meeting of the Company held on December 15, 2023.

Mr. Wu is a leader in the healthcare industry and has extensive management experience in the medical system. He joined the Hong Kong Hospital Authority in 1999 and was its chairman from 2004 to 2013. He is the longest-serving chairman of the Hospital Authority. He led the team of the Hospital Authority to manage all public hospitals and public clinics in Hong Kong and implement the public health policy of the Hong Kong Government. He also actively promoted a number of public and private medical co-operation projects during his tenure. Mr. Wu is currently an advisor to the Public Policy Advisory Committee of the National Health Commission of, and the principal advisor for international cooperation to the State Administration of Traditional Chinese Medicine of the People's Republic of China, as well as a member of the Chinese Medicine Reform and Development Advisory Committee. He was a member of the State Council's Medical Reform Leadership Advisory Committee.

Other important public positions that Mr. Wu has served include being a member of the 9th, 10th and 11th of, and a standing committee member of the 12th and 13th of the National Committee of the Chinese People's Political Consultative Conference, and a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development and the Task Force on Land Supply of the Hong Kong SAR, and has been awarded Gold Bauhinia Star and Justice of the Peace by the government of Hong Kong SAR. Mr. Wu was a member of the General Committee of the Hong Kong General Chamber of Commerce from 2000 to 2017, served as its chairman from 2010 to 2012, and is currently a member of its Council. Mr. Wu was a director of the Fidelity Funds from 2011 to 2014 and was the chairman of Bauhinia Foundation Research Centre from 2007 to 2012. Mr. Wu was a partner of Ernst & Young ("EY") from 1985 to 2005, and served as chairman of the EY's Far East Region from 2000 to 2005. He was also the chief advisor to MUFG Bank, Ltd., the chairman of The Board of Trustees of China Oxford Scholarship Fund, an honorary professor of the Faculty of Medicine of the Chinese University of Hong Kong and the Peking Union Medical College Hospital, and an honorary fellow of the Hong Kong College of Community Medicine. Mr. Wu has served as a director of the West Kowloon Cultural District Authority since October 23, 2024.

Mr. Wu holds directorships in certain Hong Kong listed companies. He has been the chairman and a non-executive director of Clarity Medical Group Holding Limited (Stock Code: 1406) since March 2019. He is an independent non-executive director of Power Assets Holdings Limited (Stock Code: 6), the chairman and an independent non-executive director of China Resources Medical Holdings Company Limited (Stock Code: 1515), an independent non-executive director of CStone Pharmaceuticals (Stock Code: 2616), an independent non-executive director of Ocumension Therapeutics (Stock Code: 1477), an independent non-executive director of Sing Tao News Corporation Limited (Stock Code: 1105) and an independent non-executive director of Hui Xian Real Estate Investment Trust (Stock Code: 87001). He was an independent non-executive director of Agricultural Bank of China Limited (Stock Code: 1288) from January 2009 to June 2015, Guangdong Investment Limited (Stock Code:270) from August 2012 to June 2022 and China Taiping Insurance Holdings Company Limited (Stock Code: 966) from August 2013 to December 2024. He was an executive director of Sincere Watch (Hong Kong) Limited (Stock Code: 444) from March 2015 to August 2018.

Mr. Wu completed a foundation course in accountancy at the then Teesside Polytechnic in the United Kingdom in July 1975. Mr. Wu is a fellow of Hong Kong Institute of Certified Public Accounts ("HKICPA") and the Institute of Chartered Accountants in England and Wales ("ICAEW"), and the honorary chairman of the Institute of Certified Management Accountants (Australia) Hong Kong Branch.

On December 24, 2013, the Disciplinary Committee of the HKICPA found Mr. Wu's failure to observe, maintain or otherwise apply the requirements of the HKICPA in preserving the appearance of independence by acting as an independent financial advisor on behalf of EY to a non-listed company whilst also being a senior partner of EY, who acted as auditors of such company in respect of the financial years ended December 31, 1995 to December 31, 1997, and is therefore a deemed auditor of that company under the Companies Ordinance, to be a professional misconduct (the "Incident"). Mr. Wu was ordered to pay a penalty of HK$250,000, had his name removed from the register for a period of two years from July 23, 2014, and together with the other respondents, was ordered to pay the costs of HK$2 million to the HKICPA. The Incident was then referred to the ICAEW by the HKICPA in 2014, and was dismissed by the ICAEW in 2017.

Mr. Chi Wai Suen (孫志偉), aged 60, was appointed as an independent non-executive Director in July 2019, with effect from the Listing Date. Mr. Suen is primarily responsible for participating in the decision-making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management.

Mr. Suen is a practicing solicitor in Hong Kong. Mr. Suen was a partner of Withers from February 2018 until his retirement in March 2023 and currently, he is a consultant of Withers. He has more than 20 years of experience in corporate finance and with areas of practice principally in initial public offerings on the Hong Kong Stock Exchange, mergers and acquisitions, corporate reorganizations and Listing Rules compliance, and he has advised clients from various industries such as clean energy, pharmaceutical, medical, retails, manufacturing, entertainment and biological. Prior to joining Withers, Mr. Suen was an associate and later a partner of DLA Piper Hong Kong from June 2007 to May 2012 and May 2012 to February 2018, respectively, and served as a manager in the investment products department of the Securities and Futures Commission of Hong Kong from October 2005 to July 2006, responsible for reviewing applications of collective investment schemes and monitoring continuing compliance of authorized schemes. Mr. Suen was an assistant solicitor at Woo Kwan Lee & Lo from September 2000 to March 2005.

Mr. Suen holds directorships in certain Hong Kong listed companies. Mr. Suen has served as an independent non-executive director of Da Yu Financial Holdings Limited (Stock Code: 1073) since July 2019 and BoardWare Intelligence Technology Limited (Stock Code: 1204) since June 2022. He was an independent non-executive director of Xin Yuan Enterprises Group Limited (Stock Code: 1748) from September 2018 to December 2024.

Mr. Suen received bachelor of science degree from the University of East Anglia in the United Kingdom in July 1987 and a postgraduate certificate in laws from the University of Hong Kong in June 1998. Mr. Suen was admitted as a solicitor in Hong Kong in October 2000 and in England and Wales in December 2003. Mr. Suen has also been a fellow member of the Association of Chartered Certified Accountants since May 1998 and a certified public accountant of the HKICPA since April 1993.

Mr. John Junhua Gu (formerly known as Junhua Gu) (古軍華), aged 61, was appointed as an independent non-executive Director on December 5, 2024. Mr. Gu has over 20 years of experience in advising clients on M&A structuring and tax-related matters. Mr. Gu worked at KPMG in China between October 2008 and September 2024 as a Partner in the following roles during different periods: National Head of Inbound M&A Tax, National Head of M&A Tax, National Head of Private Equity Sector and Head of Family Office.

Mr. Gu has advised a diversified group of clients ranging from financial institutions, multi-national corporations, private equity firms, property companies to private entrepreneurs on commercial and tax issues across China and overseas, and has also recently advised private entrepreneurs on issues such as family business succession, corporate governance issues and tax planning. He has acted as an adviser for tax structuring and due diligence of transactions across various sectors in China, and has been retained by several top global and local private equity firms in China as a key tax adviser for their investment fund structures, investments and M&A transactions.

Mr. Gu obtained a Bachelor of Business degree majoring in accountancy in December 1994, and a Master of Finance degree in August 1997, each from the Royal Melbourne Institute of Technology in Australia. He has been a member of the Institute of Chartered Accountants of Australia since June 1997, and a member of the Hong Kong Institute of Certified Public Accountants since December 1999.

SUPERVISORS

Mr. Zhang Changxi (張昌喜), aged 40, was elected as an employee representative Supervisor at employee representatives' meeting of the Company on August 30, 2024. Mr. Zhang has over 16 years of experience in audit and compliance. He serves as the internal audit and compliance senior manager of the Company since May 2024. Prior to joining the Group, he has successively served as a manager of the compliance department of Xiamen Innovax BIOTECH Co., Ltd. (廈門萬泰滄海生物技術有限公司) from December 2020 to April 2024, an officer of internal audit department of Ascletis Biological Technology (Hangzhou) Co., Ltd. (歌禮生物科技(杭州)有限公司) from December 2018 to November 2020 and a senior audit manager of Nongfu Spring Co., Ltd. (農夫山泉股份有限公司) from April 2011 to November 2018. Before that, he was an associate at Zhejiang Xinhua Accountant Firm Co., Ltd. (浙江新華會計師事務所有限公司) and Zhejiang Tongfang Accountant Firm Co., Ltd. (浙江同方會計師事務所有限公司) from July 2009 to March 2011 and July 2008 to June 2009, respectively.

Mr. Zhang obtained a bachelor's degree in management from China Jiliang University in 2008, and was accredited the International Certified Internal Auditors' Certificate in 2019.

Mr. Wei Chen (陳瑋), aged 41, was appointed as a Shareholders' representative Supervisor on November 30, 2023. Mr. Chen has successively served as a technical support manager, the sales manager of the northern region, the national sales manager and the vice president of marketing of the Company from October 2015 to December 31, 2024. He served as a regional sales manager of AstraZeneca Pharmaceuticals Ltd. from August 2014 to October 2015, a sales director of Xi'an Janssen Pharmaceutical Co., Ltd. from August 2009 to August 2014, and a sales representative of Merck Sharp & Dohme Pharmaceutical Co., Ltd. from July 2007 to August 2009.

Mr. Chen obtained a bachelor's degree in international economics and trade in the PRC from China Pharmaceutical University in June 2007.

Ms. Li Xiaojuan (李孝娟), aged 36, was appointed as a Shareholders' representative Supervisor on October 10, 2024. Ms. Li is a manager of the legal department of the Company since November 2024. Prior to joining the Group, she has successively served as a legal specialist of Zhejiang Industrial Equipment Installation Group Co., Ltd. (浙江省工業設備安裝集團有限公司) from December 2019 to September 2020 and a manager of the legal apartment of Zhejiang Jinyang Human Resources Group Co., Ltd. (浙江錦陽人力資源集團有限公司) from March 2021 to August 2022.

Ms. Li obtained a master's degree in laws from Zhejiang University of Finance and Economics in 2019.

SENIOR MANAGEMENT

Mr. Lim Hou-Sen (Lin Haosheng) (林浩昇) is an executive Director and general manager of our Company. For details of his biography, see "DIRECTORS" in this section.

Mr. Zhu Bing (朱秉), aged 60, was appointed as the chief financial officer effective September 9, 2024. Mr. Zhu has over 30 years of experience in business and finance management, especially deep knowledge and experience in the full supply chain of the China biotech industry in recent ten years. Prior to joining the Company, Mr. Zhu served as the chief financial officer of Zhejiang Innoforce Pharmaceuticals Co., Ltd. from March 2020 to December 2022, the chief financial officer of Gmax Biopharm International Ltd. from May 2018 to February 2020 and the chief financial officer and chief operating officer of Crown Bioscience International (Taipei Exchange: 6554) from November 2013 to August 2017. Before that, he successively served as the chief strategy officer of LDK Solar Company Ltd. (NYSE: LDK), the director and chief financial officer of Chemspec International Ltd. (NYSE: CPC), and the director and chief financial officer of Canadian Solar Inc (NASDAQ: CSIQ).

Mr. Zhu received a bachelor's degree in business administration from Zhejiang University of Technology in 1986 and a master's degree in Business Administration from China-Europe International Business School in 1993.

Directors' Report

The Board presents this directors' report in the Group's annual report for the year ended December 31, 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company are development and commercialization of transcatheter solutions for structural heart diseases. Further details of our business operations are set out in "Management Discussion and Analysis – I. Business Overview" of this annual report.

There were no significant changes in the nature of the Group's principal activities during the year ended December 31, 2024.

BUSINESS REVIEW

Overview and Performance of the Year

A review of the business of the Group during the year, 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 are set out in "Financial Summary" and "Management Discussion and Analysis" of this annual report.

Environmental Policies and Performance

It is our corporate and social responsibility to promote a sustainable and eco-friendly environment. In this respect, we strive to minimize our environmental impact by reducing our carbon footprint and to build our corporation in a sustainable way.

We are subject to various environmental protection laws and regulations. Our operations involve the use of hazardous and flammable chemical materials. Our operations also produce such hazardous waste. We generally contract with third parties for the disposal of these materials and wastes. During the Reporting Period and up to the date of this annual report, we complied with the relevant environmental laws and regulations and we did not have any incidents or complaints which had a material adverse effect on our business, financial condition or results of operations during the Reporting Period.

For more details, please refer to ESG Report in respect of environmental protection, social and governance during the year separately published on the websites of the Company and the Stock Exchange at the same date of publication of this annual report.

Compliance with Relevant Laws and Regulations

We may be involved in legal proceedings in the ordinary course of business from time to time. During the Reporting Period and up to the date of this annual report, save as disclosed in this annual report, the Group has complied with the laws, regulations and regulatory requirements of the places where the Group operates in all material respects, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the Corporate Governance Code for, among other things, the disclosure of information and corporate governance. During the Reporting Period and up to the date of the report, none of the Group and the Directors, Supervisors and senior management of the Company were subject to any investigation initiated or administrative penalties imposed by the China Securities Regulatory Commission (CSRC), banned from entering the market, identified as inappropriate candidates, publicly condemned by stock exchanges, subject to mandatory measures, transferred to judicial organs or held criminally responsible, and none of them were involved in any other litigation, arbitration or administrative proceedings which would have a material adverse impact on our business, financial condition or results of operations.

Key Relationships with Stakeholders

We recognize that various stakeholders, including employees, medical experts, distributors, and other business associates, are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationship with them.

The Group believes that it is vital to attract, recruit and retain quality employees. To maintain the quality, knowledge and skill levels of the Group's workforce and to remain competitive in the labor market, we provide various incentives and benefits to our employees and invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, packages and stock incentive plans for our employees, especially for key employees.

We employ a strategic marketing model to promote and sell our products. Under this model, we promote our products to hospitals in the PRC through academic marketing, by establishing research and clinical collaboration and training relationships with hospitals and by leveraging our network with KOLs.

To increase awareness of our products and technologies, we organize educational symposia and provide training to physicians, hospital executives and researchers in the field. Our highly trained sales and marketing team focuses on interacting with physicians to educate them about, and train them in the use of, our products. Such interaction is fostered through regular visits to and communications with physicians, on-site demonstration of our products to physicians, our sponsorship of conferences, seminars and physician education programs and other activities.

We have taken an active role in the key cardiology conferences in China, which serve as good opportunities to educate and train physicians in respect of TAVR and TPVR procedures and a platform for us to present innovative and advantageous features of our products. Thanks to our advanced technology and our first-mover experience in China, our products have been among the central topics of academic discussions and examples for training, and our R&D experts and management have been invited as speakers to introduce their practices in this field. We have sponsored conferences that gathered leading international transcatheter heart valve replacement experts, interventional cardiologists and vascular surgeons.

Our existing relationships with hospitals also help promote our products among physicians and hospitals through on-site education and training. In our marketing efforts, we primarily target large Class III Grade A hospitals, which have more resources to perform interventional heart valve procedures than smaller hospitals.

We depend on KOLs to introduce and recommend our products to physicians and hospitals. KOLs have academic incentives in learning the latest disease treatment options available in China within their therapeutic areas, as well as introducing cutting-edge technologies and products that they believe have clinical benefits to other doctors.

We sell products directly to hospitals or medical centers and through distributors. In line with market practice, we sell a significant portion of our products to distributors who resell our products to hospitals. The Group selects the distributors based on their qualifications, reputation, market coverage and sales experience.

Key Risks and Uncertainties and Risk Management

Details of the key risks and uncertainties faced by the Company and our risk management are set out in "Management Discussion and Analysis – IV. Risk Management" of this annual report.

Events after the Reporting Period

Resumption of trading

Subsequent to the end of the Reporting Period, the Group resumed trading in the shares of the Company on the Stock Exchange with effect from March 13, 2025. For details of the fulfillment of the Resumption Guidance, please refer to the announcement of the Company dated March 12, 2025.

Proposed issue of convertible bonds

Reference is made to the Company's announcement on March 20, 2025. The Company entered into the subscription agreement with the subscriber, pursuant to which the subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the convertible bonds up to an aggregate principal amount not exceeding RMB200,000,000 at the initial conversion price of HK$4.50 per conversion share. Completion of the issue and subscription of the bonds is subject to the satisfaction and/or waiver of the conditions precedent set out in the subscription agreement. As at the Latest Practicable Date, the Company has received the first installment of the bridge loan in the amount of RMB150 million, and certain Venus-PowerX patents have been pledged for such loan pursuant to the framework agreement.

Save as disclosed above and in the section headed "Further Information in respect of the unauthorized loans and pledged deposits" in this annual report, there have been no other material subsequent events following the end of the Reporting Period up to the date of this annual report.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

List of Directors and Supervisors

The Directors during the Reporting Period and up to the date of this directors' report were as follows.

Directors

Executive Directors

Mr. Lim Hou-Sen (Lin Haosheng) (林浩昇) *(General Manager)*
Ms. Meirong Liu (柳美榮)
Mr. Liqiao Ma (馬力喬)

Non-executive Directors

Mr. Ao Zhang (張奧)
Mr. Wei Wang (王瑋)

Independent Non-executive Directors

Mr. Ting Yuk Anthony Wu (胡定旭) *(Chairman of the Board)*
Mr. Wan Yee Joseph Lau (劉允怡) *(passed away on February 7, 2024)*
Mr. Chi Wai Suen (孫志偉)
Mr. John Junhua Gu (古軍華) *(appointed on December 5, 2024)*

Supervisors

Ms. Min Shao (邵敏) *(former Chairwoman of the Supervisory Committee, resigned on August 30, 2024)*
Mr. Zhang Changxi (張昌喜) *(Chairman of the Supervisory Committee, appointed on August 30, 2024)*
Ms. Yue Li (李月) *(resigned on October 10, 2024)*
Ms. Xiaojuan Li (李孝娟) *(appointed on October 10, 2024)*
Mr. Wei Chen (陳瑋)

Biographies of Directors, Supervisors and Senior Management

The biographical details of the Directors, Supervisors and senior management of the Company are set out in "Directors, Supervisors and Senior Management" of this annual report. Save as disclosed herein, there is no financial, business, family or other material/relevant relationship between Board members or between the chairman of the Board and the chief executive.

Save as disclosed in this annual report, since the publication of the interim report for the six months ended June 30, 2024 of the Company and up to the Latest Practicable Date, there was no change to information which was required to be disclosed by the Directors, the Supervisors and senior management members pursuant to Rule 13.51B(1) of the Listing Rules.

Changes in Directors, Supervisors and Senior Management

(i) Change in Directors and Composition of Board Committees

Mr. Wan Yee Joseph Lau, who was an independent non-executive Director, the chairman of the Nomination Committee and a member of each of the Remuneration and Assessment Committee and the Audit Committee of the Board of the Company, passed away on February 7, 2024.

Following the passing away of Mr. Wan Yee Joseph Lau (being February 7, 2024) and as of December 5, 2024, the Board comprised seven Directors, including three executive Directors, two non-executive Directors and two independent non-executive Directors. The Company did not then meet: (i) the minimum number of independent non-executive directors required under Rule 3.10(1) of Listing Rules; (ii) the requirement under Rule 3.10A of the Listing Rules which stipulates that independent non-executive directors must represent at least one-third of the Board; (iii) the minimum number of members in the audit committee required under Rule 3.21 of the Listing Rules; and (iv) the requirement under Rule 3.27A of the Listing Rules which stipulates that the nomination committee must be chaired by the chairman of the board or an independent non-executive director.

On December 5, 2024, Mr. John Junhua Gu was approved by Shareholders at the 2024 second extraordinary general meeting of the Company as the independent non-executive Director, and serves as the chairman of the Nomination Committee and a member of each of the Remuneration and Assessment Committee and Audit Committee of the Board. Accordingly, the Company has fully complied with Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules.

Save as disclosed above, during the Reporting Period and as of the date of this annual report, there were no changes in Directors and composition of Board committees.

(ii) *Change in Supervisors*

Ms. Shao Min resigned as an employee representative Supervisor and such resignation with effect from the election of the new employee representative Supervisor at employee representatives' meeting of the Company held on August 30, 2024. On the same day, Mr. Zhang Changxi was elected as an employee representative Supervisor for the second session of the Supervisory Committee at the employee representatives' meeting of the Company. Ms. Shao Min confirmed that there was no disagreement between her and the Company, the Board, and the Supervisory Committee.

Ms. Li Yue resigned as a Shareholders' representative Supervisor with effect from the appointment of the new Shareholders' representative Supervisor. On October 10, 2024, Ms. Li Xiaojuan was elected as a Shareholders' representative Supervisor for the second session of the Supervisory Committee at the 2024 first extraordinary general meeting of the Company. Ms. Li Yue confirmed that there was no disagreement between her and the Company, the Board, and the Supervisory Committee of the Company.

Save as disclosed above, during the Reporting Period and as of the Latest Practicable Date, there were no other changes in Supervisors.

(iii) *Change in Senior Management and Company Secretary*

Save as disclosed above, there were no other changes in senior management and company secretary during the Reporting Period and as of the Latest Practicable Date.

(iv) *Change in Authorized Representatives*

There were no changes in authorized representatives during the Reporting Period and as of the Latest Practicable Date.

Service Contracts of Directors, Supervisors and Senior Management

Our independent non-executive Directors, Mr. Ting Yuk Anthony Wu and Mr. Chi Wai Suen, entered into service contracts with the Company in May 2022. The principal particulars of these service contracts comprise: (a) a term of three years, which is equivalent to the term of the Board; and (b) termination provisions in accordance with their respective terms, and Mr. John Junhua Gu entered into a service contract with the Company for a term commencing from December 2024 and ending on the expiry of the term of the second session of the Board. Mr. Ting Yuk Anthony Wu, Mr. Chi Wai Suen and Mr. John Junhua Gu may offer themselves for re-election and re-appointment subject to the Shareholders' approval and their service contracts may be renewed pursuant to the Articles of Association and applicable regulations. The remaining Directors, Mr. Lim Hou-Sen (Lin Haosheng), Mr. Liqiao Ma, Ms. Meirong Liu, Mr. Ao Zhang and Mr. Wei Wang each entered into a letter of appointment for a term from the date of their respective appointment and, up until the expiration of the term of office of the second session of the Board, will not receive any remuneration from the Company for his/her position as a Director and his/her remuneration shall be determined based on the current position held by him and in accordance with his/her service contract entered into with the Company (if any). Pursuant to the Articles of Association, each of these Directors will be subject to re-election upon the expiry of his/her term of office.

Our Supervisors, Mr. Zhang Changxi, Ms. Li Xiaojuan and Mr. Wei Chen, entered into a letter of appointment with the Company on the date of their respective appointment. Each letter of appointment contains provisions relating to compliance with relevant laws and regulations, observation of our Articles of Association and resolution of disputes by means of arbitration. None of them is entitled to remuneration for their position as a Supervisor.

Save as disclosed above, the Company had not entered, and did not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts that are expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

Remuneration of Directors, Supervisors and Five Highest-Paid Individuals

The Company offers competitive remuneration packages to our Directors, and the Directors' remuneration is determined by our Board based on the recommendation of the Remuneration and Assessment Committee. Details of the remuneration of the Directors, Supervisors and the five highest paid individuals in the Group are set out in "Notes to the Consolidated Financial Statements – 9. Directors', Supervisors' and Chief Executive's Remuneration" and "Notes to the Consolidated Financial Statements – 10. Five Highest Paid Employees" of this annual report.

None of the Directors or Supervisors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors, any of the past Directors or the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Directors' Retirement Benefits

Save as the pension scheme contributions disclosed in "Notes to the Consolidated Financial Statements – 9. Directors', Supervisors' and Chief Executive's Remuneration" in this annual report, none of the Directors received or will receive any retirement benefits during the years ended December 31, 2024 and 2023. The Group's contributions to the pension scheme vested fully and immediately with the employees. Accordingly, as disclosed in "Notes to the Consolidated Financial Statements – 7. Loss Before Tax", (i) for the year ended December 31, 2024, there was no forfeiture of contributions under the pension scheme; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the pension scheme as at December 31, 2024.

Consideration Provided to Third Parties for Making Available Directors' Services

During the years ended December 31, 2024 and 2023, the Group did not pay consideration to any third parties for making available directors' services.

Information About Loans, Quasi-Loans and Other Dealings in Favour of Directors, Bodies Corporate Controlled by or Entities Connected with Directors

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

Employees and Remuneration Policies

A review of the employees and remuneration policies of the Group during the year is set out in "Management Discussion and Analysis – II. Financial Review – Employees and Remuneration Policies" of this annual report.

Confirmation of Independence from the Independent Non-Executive Directors

The Company has received the annual confirmations of independence from all independent non-executive Directors, namely, Mr. Ting Yuk Anthony Wu, Mr. Chi Wai Suen, and Mr. John Junhua Gu. The Company has duly reviewed their respective confirmations of independence, and considers that all independent non-executive Directors have been independent for the year ended December 31, 2024 and remain so as of the Latest Practicable Date.

Reference is made to the announcement of the Company dated September 11, 2024 in relation to, among others, the consulting agreement with Mr. Ting Yuk Anthony Wu. Based on the scope of work as represented by Mr. Ting Yuk Anthony Wu that he had provided various services to the Company including advice and support going beyond his role as an indepenvdent non-executive Director, the Board has no reasonable grounds to suspect that, at the relevant times during the term of the consulting agreement, Mr. Ting Yuk Anthony Wu had not acted independently and had not fulfilled the independence requirements under Rule 3.13 of the Listing Rules and the Board also believes that Mr. Ting Yuk Anthony Wu would continue to be independent.

Directors' Interests in Competing Businesses

Save as disclosed in the "Directors, Supervisors and Senior Management" of this annual report, during the Reporting Period and up to the date of this annual report, none of the Directors (excluding independent non-executive Directors) is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

Directors' and Supervisors' Interests in Transactions, Arrangements and Contracts of Significance

No transactions, arrangements or contracts of significance to which the Company or its subsidiaries was a party and in which a Director or Supervisor or its connected entity (within the meaning of section 486 of the Companies Ordinance) had a material interest, whether directly or indirectly, has been entered into or was subsisting during the Reporting Period.

RELATED PARTY TRANSACTIONS

Details of related party transactions are set out in "Notes to the Consolidated Financial Statements – 39. Related Party Transactions" of this annual report. None of the related party transactions constitutes a connected transaction or continuing connected transaction of the Company subject to independent Shareholders' approval, annual review and disclosure requirements in Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

The Group did not conduct any non-exempt connected transactions or continuing connected transactions in accordance with the Listing Rules during the Reporting Period.

DISCLOSURE OF INTERESTS

Directors', Supervisors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As of December 31, 2024, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director/Supervisor/Chief Executive	Class of Shares	Capacity	Number of Securities/Type of Shares Held	Approximate Percentage of Shareholding in the Total Listed Share Capital of the Company *(Note 1)*	Approximate Percentage of Shareholding in the Relevant Class of Shares *(Note 1)*
Mr. Liqiao Ma	H Shares	Beneficial owner	37,000/ Long position	0.00%	0.00%
Mr. John Junhua Gu	H Shares	Beneficial owner	553,500/ Long position	0.13%	0.13%

Note:

(1) The Company has two classes of Shares: H Shares as one class of Shares, Unlisted Foreign Shares as another class. As of December 31, 2024, the total issued share capital of the Company was 441,011,443 Shares, which comprise 441,010,235 H Shares and 1,208 Unlisted Foreign Shares.

Substantial Shareholders' Interests or Short Positions

As of December 31, 2024, to the knowledge of the Company and the Directors after making reasonable inquiries, the following persons (other than the Directors, Supervisors and chief executive of the Company as disclosed above) have interests or short positions in Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained by the Company under Section 336 of the SFO:

Name of Shareholders	Class of Shares	Capacity	Number of Securities/Type of Shares Held	Approximate Percentage of Shareholding in the Total Share Capital of the Company *(Note 5)*	Approximate Percentage of Shareholding in the Relevant Class of Shares *(Note 5)*
Mr. Min Frank Zeng *(Note 1)*	H Shares	Interest of controlled corporations	33,651,618/ Long position	7.63%	7.63%
Horizon Binjiang LLC *(Note 1)*	H Shares	Beneficial owner	33,651,618/ Long position	7.63%	7.63%
Mr. Zi *(Note 2)*	H Shares	Beneficial owner	32,720,498/ Long position	7.42%	7.42%
		Interest of controlled corporations	10,569,132/ Long position	2.40%	2.40%
	Unlisted Foreign Shares	Other	1,208/ Long position	0.00%	100.00%
Qiming Corporate GP III, Ltd. *(Note 3)*	H Shares	Interest in controlled corporations	57,048,980/ Long position	12.94%	12.94%
Qiming GP III, L.P. *(Note 3)*	H Shares	Interest in controlled corporations	57,048,980/ Long position	12.94%	12.94%

Name of Shareholders	Class of Shares	Capacity	Number of Securities/Type of Shares Held	Approximate Percentage of Shareholding in the Total Share Capital of the Company *(Note 5)*	Approximate Percentage of Shareholding in the Relevant Class of Shares *(Note 5)*
Qiming Venture Partners III, L.P. *(Note 3)*	H Shares	Interest in controlled corporations	40,018,283/ Long position	9.07%	9.07%
Ming Zhi Investments Limited *(Note 3)*	H Shares	Interest in controlled corporations	40,018,283/ Long position	9.07%	9.07%
Ming Zhi Investments (BVI) Limited *(Note 3)*	H Shares	Beneficial owner	40,018,283/ Long position	9.07%	9.07%
Mr. Haifeng David Liu *(Note 4)*	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
Mr. Julian Juul Wolhardt *(Note 4)*	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
DCP, Ltd. *(Note 4)*	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
DCP Partners Limited *(Note 4)*	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
DCP General Partner, Ltd. *(Note 4)*	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
DCP Capital Partners, L.P. *(Note 4)*	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
Red Giant Limited *(Note 4)*	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
Muheng Capital Partners (Hong Kong) Limited *(Note 4)*	H Shares	Beneficial Owner	24,713,752/ Long position	5.60%	5.60%

Notes:

(1) Horizon Binjiang LLC, an investment holding company incorporated in California, the United States, owns 33,651,618 H Shares of the Company. Mr. Zeng, as its sole shareholder, is deemed to be interested in the interest owned by Horizon Binjiang LLC under the SFO.

(2) Mr. Zi beneficially owns 32,720,498 H Shares of the Company. In addition to his direct shareholding, he is also deemed to be interested in 10,569,132 H Shares and 1,208 Unlisted Foreign Shares of the Company through the below intermediaries he controlled under the SFO:

- Adventure 03 Limited, an investment holding company incorporated in Hong Kong, owns 476,224 H Shares in the Company. Dinova Healthcare Gamma Fund (USD) L.P. (as the sole shareholder of Adventure 03 Limited), Dinova Venture Partners GP III, L.P. (as the general partner of Dinova Healthcare Gamma Fund (USD) L.P.) and Dinova Capital Limited (as the general partner of Dinova Venture Partners GP III, L.P.), Xin Nuo Tong Investment Limited (as the sole shareholder of Dinova Capital Limited) and Mr. Zi (as the sole shareholder of Xin Nuo Tong Investment Limited) are deemed to be interested in the interest owned by Adventure 03 Limited in the Company under the SFO.

- Dinova Venture Partners GP III, L.P. owns 238,112 H Shares of the Company. Dinova Capital Limited (as the general partner of Dinova Venture Partners GP III, L.P.), Xin Nuo Tong Investment Limited (as the sole shareholder of Dinova Capital Limited) and Mr. Zi (as the sole shareholder of Xin Nuo Tong Investment Limited) are deemed to be interested in the interest owned by Dinova Venture Partners GP III, L.P. in the Company under the SFO.

- Zhejiang Dinova Ruiying Venture Investment L.P. (浙江德諾瑞盈創業投資合夥企業(有限合夥)) ("Zhejiang Dinova"), a limited partnership and a venture capital fund holding various portfolios established in the PRC, owns 6,977,955 H Shares of the Company. Zhejiang Dinova Capital Management L.P. (浙江德諾資本管理合夥企業 (有限合夥)) (as the general partner of Zhejiang Dinova), Hangzhou Dinova Commercial Information Consulting Ltd. (杭州德諾商務信息諮詢有限公司) (as the general partner of Zhejiang Dinova Capital Management L.P.) and Mr. Zi (as a 40% shareholder of Hangzhou Dinova Commercial Information Consulting Ltd.) are deemed to be interested in the interest owned by Zhejiang Dinova in the Company under the SFO.

- DNA 01 (Hong Kong) Limited, an investment holding company incorporated in Hong Kong, owns 919,805 H Shares of the Company. Dinova Healthcare Delta Fund (USD) L.P. (as the sole shareholder of DNA 01 (Hong Kong) Limited), Dinova Venture Partners GP IV, L.P. (as the general partner of Dinova Healthcare Delta Fund (USD) L.P.), Dinova Venture Capital Limited (as the general partner of Dinova Venture Partners GP IV, L.P.), Xin Nuo Tong Investment Limited (as a 40% shareholder of Dinova Venture Capital Limited) and Mr. Zi (as the sole shareholder of Xin Nuo Tong Investment Limited) are deemed to be interested in the interest owned by DNA 01 (Hong Kong) Limited under the SFO.

- Shenzhen Dinova Ruihe Venture Investment L.P. (深圳市德諾瑞和創業投資合夥企業 (有限合夥)) ("Shenzhen Dinova"), a limited partnership established in the PRC and a venture capital fund holding various portfolios, owns 1,687,358 H Shares of the Company. Shenzhen Dinova Investment L.P. (深圳市德諾投資合夥企業 (有限合夥)) (as the general partner of Shenzhen Dinova), Shenzhen Dinova Investment Consulting Ltd. (as the general partner of Shenzhen Dinova Investment L.P.) and Mr. Zi (as a 66.67% shareholder of Shenzhen Dinova Investment Consulting Ltd.) are deemed to be interested in the interest owned by Shenzhen Dinova.

- Hangzhou Qisheng Investment Partnership (Limited Partnership) (杭州啓勝投資合夥企業(有限合夥)), one of the PRC Employee Entities, owns an aggregate of 269,678H Shares of the Company. Hangzhou Nuoxin Investment Management Limited (杭州諾心投資管理有限公司) is the general partner of the PRC Employee Entities. Mr. Zi, as the sole shareholder of Hangzhou Nuoxin Investment Management Limited, is deemed to be interested in the interest owned by the PRC Employee Entities under the SFO.

- Mr. Zi holds voting rights of 1,208 Unlisted Foreign Shares of the Company, while Jupiter Holdings Limited and Mercury Holding Limited are entitled to the ownership, dividend rights, disposal rights and other benefits of the above-mentioned Unlisted Foreign Shares of the Company.

(3) Qiming Corporate GP III, Ltd. is deemed to be interested in 57,048,980 H Shares of the Company through the below intermediaries it controls under the SFO:

- Ming Zhi Investments (BVI) Limited, an investment holding company incorporated in the British Virgin Islands, owns 40,018,283 H Shares of the Company. For the purpose of the SFO, Ming Zhi Investments Limited (as the sole shareholder of Ming Zhi Investments (BVI) Limited), Qiming Venture Partners III, L.P. (as a 96.94% shareholder of Ming Zhi Investments Limited) and Qiming GP III, L.P. (as the general partner of Qiming Venture Partners III, L.P.) are deemed to be interested in the interest owned by Ming Zhi Investments (BVI) Limited.

- QM22 (BVI) Limited, an investment holding company incorporated in the British Virgin Islands, owns 17,030,697 H Shares of the Company. For the purpose of the SFO, QM22 Limited (as the sole shareholder of QM22 (BVI) Limited), Qiming Venture Partners III Annex Fund, L.P. (as the sole shareholder of QM22 Limited), Qiming GP III, L.P. (as the general partner of Qiming Venture Partners III Annex Fund, L.P.) and Qiming Corporate GP III, Ltd. (as the general partner of Qiming GP III, L.P.) are deemed to be interested in the interest owned by QM22 (BVI) Limited.

(4) Muheng Capital Partners (Hong Kong) Limited, a company incorporated in Hong Kong, owns 24,713,752 H Shares of the Company. For the purpose of the SFO, Red Giant Limited (as the sole shareholder of Muheng Capital Partners (Hong Kong) Limited), DCP Capital Partners, L.P. (as the sole shareholder of Red Giant Limited), DCP General Partner, Ltd. (as the general partner of DCP Capital Partners, L.P.), DCP Partners Limited (as the sole shareholder of DCP General Partner, Ltd.), DCP, Ltd. (as the sole shareholder of DCP Partners Limited) and Mr. Haifeng David Liu and Mr. Julian Juul Wolhardt (each as a person holding 50% control of DCP, Ltd.) are deemed to be interested in the interest owned by Muheng Capital Partners (Hong Kong) Limited.

(5) The Company has two classes of Shares: H Shares as one class of Shares, Unlisted Foreign Shares as another class. As of December 31, 2024, the total issued share capital of the Company was 441,011,443 Shares, which comprise 441,010,235 H Shares and 1,208 Unlisted Foreign Shares.

RIGHTS OF DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

During the year ended December 31, 2024 and up to the date of this annual report, none of the Directors, Supervisors or their respective spouses or minor children under the age of 18 years were granted with rights, or had exercised any such rights, to acquire benefits by means of purchasing Shares or debentures of the Company or any other body corporates. Neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors, Supervisors or their respective spouses or minor children under the age of 18 years to acquire such rights from any other body corporates.

RESULTS AND DIVIDENDS

The results of the Group for the year ended December 31, 2024 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of this annual report.

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2024 (2023: Nil).

SHARE CAPITAL

Details of the issued shares of the Group during the year ended December 31, 2024 are set out in "Notes to the Consolidated Financial Statements – 33. Share Capital" of this annual report.

DEBT SECURITIES

As of December 31, 2024, the Group did not have any debt securities.

RESERVES AND DISTRIBUTABLE RESERVES

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

For the movement of distributable profit, please refer to the "Consolidated Statement of Changes in Equity" of this annual report.

INVESTMENT PROPERTIES, PROPERTY AND EQUIPMENT

As of 31 December 2024, the Company did not own any properties for investment purposes or held for development and/or sale where one or more percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 5%.

CHARITABLE DONATIONS

During the Reporting Period, charitable and other donations made by the Group amounted to RMB25.0 million (2023: RMB42.8 million).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2024 are set out in "Notes to the Consolidated Financial Statements – 14. Property, Plant and Equipment" of this annual report.

ISSUANCE OF SHARES AND UTILIZATION OF PROCEEDS

Reference is made to (i) the section headed "Issuance of Shares and Utilization of Proceeds" of the annual report of the Company for the year ended December 31, 2023 dated on April 29, 2024, (ii) the section headed "Issuance of Shares and Utilization of Proceeds" of the interim report of the Company for the six months ended June 30, 2024 dated September 27, 2024 and (iii) the announcement of the Company dated January 13, 2025. As of the Latest Practicable Date, the Company has completed the review of use of proceeds.

Given the repayment of unauthorized transactions, despite the temporary utilization of the proceeds to fund some of the unauthorized transactions during certain relevant historical periods, such transactions did not have a material impact on historical period-end use of proceeds. As a result, no adjustment is required with respect to the use of proceeds from prior years.

Therefore, the information required under paragraph 11(8) of Appendix D2 to the Listing Rules for the two years ended December 31, 2024, where applicable, is set out as below.

(i) The Initial Global Offering

The net proceeds received by the Company from its initial global offering (including the full exercise of the over-allotment option) amounted to HK$2,846.0 million (equivalent to RMB2,558.0 million) (after deducting the underwriting commissions and other estimated expenses in connection with the initial global offering and exercise of the over-allotment option).

For the two years ended December 31, 2024, the Group had used the net proceeds from the Global Offering for the following purposes:

Use of proceeds	Percentage of total net proceeds (in the same proportion as stated in the Prospectus) (%)	Amount of net proceeds for the relevant use (in the same proportion as stated in the Prospectus) (RMB million)	Amount of net proceeds available to be utilized as of January 1, 2023 (RMB million)	Amount of net proceeds utilized during the year ended December 31, 2023 (RMB million)	Actual amount of proceeds utilized as of December 31, 2023 (RMB million)	Amount of net proceeds available to be utilized as of December 31, 2023/ January 1, 2024 (RMB million)	Amount of net proceeds utilized during the Reporting Period (RMB million)	Actual amount of proceeds utilized as of December 31, 2024 (RMB million)	Amount of net proceeds available to be utilized as of December 31, 2024 (RMB million)
(A) For our Core Products:	35.00	895.30	165.14	142.27	872.43	22.87	22.87	895.30	–
(i) ongoing sales and marketing of VenusA-Valve in China and planned commercialization of VenusA-Valve in other countries	5.00	127.90	–	–	127.90	–	–	127.90	–
(ii) ongoing and planned R&D and commercial launches of VenusA-Plus	12.00	307.00	18.26	18.26	307.00	–	–	307.00	–
(iii) ongoing and planned R&D and commercial launches of VenusP-Valve	18.00	460.40	146.88	124.01	437.53	22.87	22.87	460.40	–

Use of proceeds	Percentage of total net proceeds (in the same proportion as stated in the Prospectus) *(%)*	Amount of net proceeds for the relevant use (in the same proportion as stated in the Prospectus) *(RMB million)*	Amount of net proceeds available to be utilized as of January 1, 2023 *(RMB million)*	Amount of net proceeds utilized during the year ended December 31, 2023 *(RMB million)*	Actual amount of proceeds utilized as of December 31, 2023 *(RMB million)*	Amount of net proceeds available to be utilized as of December 31, 2023/ January 1, 2024 *(RMB million)*	Amount of net proceeds utilized during the Reporting Period *(RMB million)*	Actual amount of proceeds utilized as of December 31, 2024 *(RMB million)*	Amount of net proceeds available to be utilized as of December 31, 2024 *(RMB million)*
(B) Allocated to our other products and product candidates:	30.00	767.40	88.64	13.03	691.79	75.62	2.59	694.37	73.03
(i) ongoing and planned R&D and marketing of CEP device	17.00	434.90	7.48	1.13	428.55	6.36	2.33	430.88	4.02
(ii) ongoing and planned R&D of VenusA-Pilot	3.00	76.70	70.33	1.07	7.44	69.26	0.25	7.69	69.01
(iii) ongoing and planned R&D of mitral valve products	2.00	51.20	0.57	0.57	51.20	–	–	51.20	–
(iv) R&D of tricuspid valve products	2.00	51.20	–	–	51.20	–	–	51.20	–
(v) ongoing and planned R&D of valvuloplasty balloon products such as V8 and TAV8	2.00	51.20	10.26	10.26	51.20	–	–	51.20	–
(vi) ongoing and planned R&D of other product candidates	4.00	102.20	–	–	102.20	–	–	102.20	–
(C) Payment of considerations and other transaction expenses related to acquisition of Keystone	10.00	255.80	201.19	–	54.61	201.19	–	54.61	201.19
(D) Our continued expansion of product portfolio through internal research and/or potential acquisition	15.00	383.70	–	–	383.70	–	–	383.70	–
(E) Working capital and other general corporate purposes	10.00	255.80	–	–	255.80	–	–	255.80	–
TOTAL	100.00	2,558.00	454.97	155.30	2,258.33	299.68	25.46	2,283.78	274.22

Reference is made to the announcement of the Company dated January 13, 2025. The unutilized proceeds from the Initial Global Offering of RMB201.19 million which was originally planned to fund the payment of contingent consideration and other transaction expenses related to the acquisition of Keystone have been reallocated for working capital and other general corporate purposes.

Saved as disclosed above, the Company intends to use the net proceeds that had not been utilized as of December 31, 2024 in the same manner and proportion as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds".

(ii) The September 2020 Placing

The net proceeds received by the Company from the placing of an aggregate of 18,500,000 new H Shares in September 2020 were approximately HK$1,173.0 million (equivalent to RMB1,034.01 million) (after deducting the expenses of the placing). Pursuant to the announcement made by the Company dated March 14, 2022, the Company made the clarification of the intended purposes of the proceeds from the September 2020 Placing.

As of January 1, 2023, the Group had fully utilized the net proceeds from the September 2020 Placing in accordance with the intended purpose.

(iii) The January 2021 Placing

The net proceeds received by the Company from the January 2021 Placing were approximately HK$1,427 million (equivalent to RMB1,191.00 million) after deducting the expenses of the placing. Pursuant to the announcement made by the Company on March 14, 2022, the Company changed the use of proceeds from the January 2021 Placing (the "Changed Use of Proceeds") and as at March 14, 2022, the unutilized proceeds from the January 2021 Placing amounted to approximately RMB986.81 million.

For the two years ended December 31, 2024, the Group had used the net proceeds from the January 2021 Placing for the following purposes:

Purposes for use of proceeds	Amount of intended use of net proceeds *(RMB million)*	Amount of net proceeds available to be utilized as of January 1, 2023 *(RMB million)*	Amount of net proceeds utilized during the year ended December 31, 2023 *(RMB million)*	Actual amount of proceeds utilized as of December 31, 2023 *(RMB million)*	Amount of net proceeds available to be utilized as of December 31, 2023/ January 1, 2024 *(RMB million)*	Amount of net proceeds utilized during the Reporting Period *(RMB million)*	Actual amount of proceeds utilized as of December 31, 2024 *(RMB million)*	Amount of net proceeds available to be utilized as of December 31, 2024 *(RMB million)*
(i) development and research of the Company's product candidates, including Venus PowerX Valve, Venus Vitae Valve, an aortic valve repair device at pre-clinical stage (Leaflex), transcatheter mitral valve replacement (TMVR), transcatheter tricuspid valve replacement (TTVR) and other products and technologies	714.60	346.01	320.81	689.40	25.20	25.20	714.60	–
(ii) development of and investment in other new technologies	238.20	60.52	60.52	238.20	–	–	238.20	–
(iii) working capital and other general corporate purposes	238.20	23.57	23.57	238.20	–	–	238.20	–
TOTAL	1,191.00	430.10	605.14	1,165.80	25.20	25.20	1,191.00	–

SHARE OPTION SCHEME

As of the date of this annual report, the Company has only one share scheme, being the Share Option Scheme adopted by the resolutions of the Shareholders passed at an extraordinary general meeting of the Company held on July 12, 2023 (i.e. the Adoption Date).

During the period commencing from the Adoption Date up to the date of this annual report, no grant had been made under the Share Option Scheme. Accordingly, as of January 1, 2024 and as of December 31, 2024, the Scheme Limit and the Service Provider Sublimit adopted by the Shareholders on the Adoption Date remained unutilized, and stood at 44,101,023 H Shares (representing approximately 10% of the total issued H Shares) and 4,410,102 H Shares, respectively, and the calculation pursuant to Rule 17.07(3) of the Listing Rules is not applicable. Further, as of the date of this annual report, the total number of H Shares available for issue under the Share Option Scheme is 44,101,023, representing approximately 10% of the total issued H Shares.

A summary of the principal terms of the Share Option Scheme is set out below.

Purpose: The purposes of the Share Option Scheme are:

(i) to attract, motivate and retain skilled and experienced personnel who are eligible persons to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;

(ii) to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and

(iii) to (a) recognize the contributions of the leadership of the Company including the executive Directors, non-executive Directors and/or independent non-executive Directors, (b) encourage, motivate and retain the leadership of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Group and (c) provide additional incentive for the leadership of the Company and long standing employee by aligning the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

Duration and remaining life:	The Share Option Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date, after which period no further options shall be granted. As of the date of this annual report, the remaining life of the Share Option Scheme was approximately eight and a half years.
Eligible persons:	Any Employee Participant or Service Provider, whom the Board or the scheme administrator consider(s), in their sole discretion, to have contributed or will contribute to the Group.
Exercise price:	Subject to the effect of alterations to share capital as set out in the Share Option Scheme, the exercise price shall be a price determined by the Board (or the scheme administrator) in its sole and absolute discretion and notified to an eligible person, but in any event must be at least the highest of: (a) the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (b) the average of the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of an H Share.

Vesting and performance targets:

Unless otherwise specified in the offer letter approved by the Board or the scheme administrator, all options under the Share Option Scheme shall be vested in a number of tranches. The specific commencement and duration of each vesting period and the actual vesting amount of the options granted to a participant for the respective vesting periods shall be specified in the offer letter approved by the Board or the scheme administrator provided however that the vesting period shall not be less than twelve (12) months, except that any Share Options granted to an Employee Participant may be subject to a shorter vesting period including where: (i) grants of "make whole" Share Options to new Employee Participant to replace options and/or awards that such Employee Participants forfeited when leaving their previous employers; (ii) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure; (iii) grants of Share Options which are subject to fulfillment of performance targets as determined in the conditions of their grant; (iv) grants of Share Options the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant Employee Participant, in which case the vesting date may be adjusted to take account of the time from which the Share Options would have been granted if not for such administrative or compliance requirements; (v) grants of Share Options with a mixed vesting schedule such that the Share Options vest evenly over a period of twelve (12) months; or (vi) grant of Share Options with a total Vesting Period of more than twelve (12) months, such as where the Share Options may vest by several batches with the first batch to vest within twelve (12) months of the grant date and the last batch to vest twelve (12) months after the grant date.

The Share Option Scheme does not stipulate that specific performance targets of a participant are required to be achieved. Nevertheless, the Board or the scheme administrator may at its discretion set performance objectives for options under the Share Option Scheme, which will be stated in the offer letter. The performance objectives, if any, must be achieved before the options can be exercised, and shall be assessed in accordance with the stipulated performance measures. The Board or the scheme administrator will carefully assess, on a periodic basis, whether the performance targets are satisfied.

Maximum number of H Shares available for subscription under the Share Option Scheme:	The maximum number of H Shares which may be issued upon exercise of option(s) and vesting of award(s) under the Share Option Scheme and all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules) shall be such number of H Shares which represent 10% of the total number of H Shares as of the date of the Shareholders' approval of the Scheme Limit.
Service Provider Sublimit under the Scheme Limit:	The maximum number of H Shares which may be issued to Service Providers upon exercise of option(s) and vesting of award(s), if any, under the Share Option Scheme and all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules) shall be such number of H Shares which represent 1% of the total number of H Shares in issue as of the date of the Shareholders' approval of the Service Provider Sublimit.
Maximum entitlement of each eligible participant:	Where any grant of options to a grantee would result in the H Shares issued and to be issued in respect of all options and awards granted to such person, pursuant to the Share Option Scheme and any other share scheme adopted by the Company (excluding options or awards lapsed in accordance with relevant scheme rules), in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of issued H Shares at the relevant time, such grant must be separately approved by Shareholders in a general meeting with such grantee and their close associates (or associates if the grantee is a connected person of the Company) to abstain from voting. Any grant of options to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the grantee of the options).

Where any grant of options to an independent non-executive Director or a substantial Shareholder of the Company, or any of their respective associates, would result in the H Shares issued and to be issued in respect of all options and awards granted (excluding options or awards lapsed in accordance with the relevant scheme rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of issued H Shares at the relevant time, such grant must be separately approved by Shareholders in a general meeting with such grantee and their associates and all core connected persons of the Company to abstain from voting.

Time of exercise of options: Each offer of an option shall be in writing made to a participant by letter in such form as the Board or the scheme administrator may from time to time determine at its discretion. The offer letter shall state, among others, the period during which the option may be exercised, which period is to be determined and notified by the Board but shall expire in any event not later than the last day of the scheme period after the date of grant of the option.

Amount payable on application or acceptance of the option: The Board or the scheme administrator may determine the amount payable (if any) on an application or acceptance of an option and the period(s) within which any such payments must be made, and specify in the offer letter. Unless otherwise set out in the offer letter, a participant shall have 14 business days from the grant date to accept the offer.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Group did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury Shares (as defined under the Listing Rules)) during the year ended December 31, 2024.

As of December 31, 2024, there were no treasury Shares (as defined under the Listing Rules) held by the Company.

CONVERTIBLE BONDS

During the year ended December 31, 2024, the Company has not issued any convertible bonds.

BANK LOANS AND OTHER BORROWINGS

Bank loans and other borrowings of the Group as of December 31, 2024 are set out in "Notes to the Consolidated Financial Statements – 29. Interest-bearing Bank Borrowings" of this annual report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "SHARE OPTION SCHEME" in this annual report, there was no equity-linked agreement entered into by the Company during the year ended December 31, 2024.

PERMITTED INDEMNITY

A permitted indemnity provision (as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) in relation to the director's and officer's liability insurance is currently in force and was in force during the Reporting Period.

The Company has maintained appropriate liability insurance policies for its Directors, Supervisors and senior management during the year ended December 31, 2024.

MANAGEMENT CONTRACTS

Save for employment contracts with employees and the Directors' service contracts and appointment letters, the Company did not enter into any contracts nor had any existing contracts in respect of all or any substantial part of management and administration of business of the Company for the year ended December 31, 2024 and up to the date of this annual report.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION INFORMATION FOR HOLDERS OF H SHARES

The holders of H Shares of the Company shall pay relevant tax and/or exemption in accordance with the following provisions:

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法》) and its implementation rules, dividends paid to individuals by the PRC companies are generally subject to an individual income tax levied at a flat rate of 20%. For an individual who has no domicile in the PRC and is not resident in the territory of the PRC or who has no domicile in the PRC and has been resident in the territory of the PRC for less than 183 days cumulatively within a tax year, his/her receipt of dividends from a PRC company is normally subject to a PRC withholding tax of 20% unless specifically exempted or reduced by an applicable tax treaty and other tax laws and regulations.

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to Holders of H Shares who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》(國税函[2008]897號)), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall withhold the enterprise income tax at a flat rate of 10%. A non-PRC resident enterprise which is entitled to a preferential tax rate under an applicable tax treaty or arrangement may, directly or through its agent, apply to the competent tax authorities for a refund of the excess amount of tax withheld.

Pursuant to the "Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets" (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the "Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets" (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC, for dividends derived by Mainland individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect, H-share companies shall withhold individual income tax at a tax rate of 20% for the investors. For mainland securities investment funds investing in shares listed on the Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect, the above rules also apply and individual income tax shall be levied on dividends derived therefrom. Dividends derived by mainland enterprise investors from investing in shares listed on Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect shall be reported and paid by the enterprise investors themselves. H-share companies will not withhold or pay enterprise income tax on their behalf in the distribution of dividends. For dividends derived by mainland resident enterprises where the relevant H shares have been continuously held for more than 12 months, the enterprise income tax thereon may be exempt according to the tax law.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2024, the percentage of total sales attributable to the Group's five largest customers did not exceed 30% of the total sales of the Group.

During the year ended December 31, 2024, the percentage of purchases attributable to the Group's largest supplier and five largest suppliers accounted for 14.0% and 42.1% of the Group's purchases respectively.

None of the Directors or any of their close associates or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had a material interest in our five largest customers and suppliers.

Relationships with Major Customers and Suppliers

Customers

We have been devoted to providing excellent customer service with the purpose of maintaining long term cooperation, enhancing product quality, increasing sales volume and improving profitability. We have also established relationships with many KOLs in the medical community.

We sell a significant portion of our products to distributors, and our five largest customers in the Reporting Period were distributors.

Since our heart valve products are implanted within patients, as part of our customer service, hospitals conduct follow-up as designed for the procedure to observe the performance of our products based on the patients' physical conditions. We also provide channels for complaints regarding our products, including complaints on the quality of our products and adverse events after implantation. We also have a quality control department dedicated to tracking and recording severe adverse events and handling customer complaints and queries with an online tracking system. We also investigate and analyze the cause of issues raised by our customers and refer the quality issues to our management and relevant responsible departments for resolution and correction. We will recall our products for quality issues when necessary. During the Reporting Period and up to the date of this annual report, there have not been any product recalls due to quality issues.

Given that transcatheter heart valve replacement devices involve relatively new technology, we provide technical support to hospitals and physicians through our sales and marketing personnel. Our marketing and technical support personnel study patients' angiography together with physicians and help determine whether interventional procedures are suitable for the patients and whether they need to be specifically made to order. Our marketing and technical support personnel sometimes observe transcatheter heart valve replacement procedures using our products and provide information during such procedures to help physicians understand our products. They also follow up with physicians after the procedures to collect data on the performance of our products.

Suppliers

During the Reporting Period, our purchases mainly include raw materials, machines and equipment and services from third parties such as contract research organizations, animal labs and ticket agents.

For the production of our heart valve products and product candidates, we primarily use a limited number of suppliers for our principal raw materials, although there are alternate suppliers available for most of such materials.

We generally enter into supply agreements with our principal raw material suppliers. Our agreements with the suppliers specifically list the requirements of the materials to be supplied. We will decide whether to accept the supply upon inspecting and examining the materials. For the supply of certain raw materials, to help ensure the supplier's compliance with our standard requirements, the suppliers are also required to present initial samples for our inspection and approval before starting serial production and conduct a yearly requalification test upon our request.

Our principal suppliers for raw materials usually provide us a credit term of up to 30 days.

MATERIAL LITIGATION AND ARBITRATION

Save as disclosed in the section headed "Further Information in respect of the unauthorized loans and pledged deposits" in this annual report, during the Reporting Period, the Group did not have any material litigation or arbitration.

MATERIAL CONTRACTS AND EXECUTION

During the Reporting Period, the Group did not have any material custody, contractual or lease arrangements, nor were there such arrangements carried forward to the Reporting Period from the previous period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and applied the principles and code provisions as set out in the Corporate Governance Code. During the Reporting Period, the Company has complied with the mandatory code provisions in the Corporate Governance Code. For details, please refer to "Corporate Governance Report" of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

As of the date of this annual report and based on the information available to the Company and to the knowledge of the Directors, the Company's public float complies with the requirements of Rule 8.08 of the Listing Rules.

AUDITORS

The consolidated financial statements of the Group for the year ended December 31, 2024 have been audited by Zhonghui Anda. Ernst & Young retired as auditor of the Company with effect from the conclusion of the annual general meeting of the Company held on June 30, 2023, and Zhonghui Anda was appointed as the Company's new auditor following the retirement of Ernst & Young.

Save for the above, there was no change in the auditors of the Company in the preceding three years.

By order of the Board
Mr. Lim Hou-Sen (Lin Haosheng)
Executive Director

Hangzhou, the People's Republic of China, March 28, 2025

Corporate Governance Report

I. OVERVIEW OF CORPORATE GOVERNANCE

The Board presents this corporate governance report in the Group's annual report for the year ended December 31, 2024. For information relating to the Company's environmental and social performance for the Reporting Period, please refer to the Company's 2024 ESG Report separately published on the websites of the Company and the Stock Exchange on the date of publication of this annual report.

During the year ended December 31, 2024, the Company has strictly complied with the provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

II. SHAREHOLDERS AND GENERAL MEETINGS

(i) Rights of Shareholders' General Meetings and Shareholders

The Shareholders' general meeting is the organ of the highest authority of our Company and exercises the duties and powers in accordance with the laws, the Articles of Association and the rules of procedures of the Shareholders' general meetings of our Company.

In order to protect the rights of Shareholders, our Company will convene the Shareholders' general meetings in strict compliance with the relevant rules and procedures such that all Shareholders are treated equally and can exercise their rights fully. Separate resolutions will be proposed at general meetings on each substantial issue. Each resolution submitted to the Shareholders' general meeting will be voted pursuant to the Listing Rules, and the voting result will be published on the websites of the Stock Exchange and the Company after the meeting.

During the year ended December 31, 2024, our Company held three general meetings on June 28, 2024, October 10, 2024 and December 5, 2024. All the proposed Shareholders' resolutions put to the above general meetings were resolved by poll vote and were duly passed, except for the special resolutions proposed at the 2024 first extraordinary general meeting in relation to amendments to the articles of association and the general mandate to issue shares. The vote tally of each such resolution was set out in the Company's announcements released on the day of the respective general meetings.

(ii) Attendance of the Directors at the Shareholders' General Meetings

The attendance record of each Director at the Shareholders' general meetings of the Company during the year ended December 31, 2024 is set out below:

Name of Director	Attendance/ Number of General Meetings
Mr. Lim Hou-Sen (Lin Haosheng)	3/3
Ms. Meirong Liu	3/3
Mr. Liqiao Ma	3/3
Mr. Ao Zhang	3/3
Mr. Wei Wang	0/3
Mr. Ting Yuk Anthony Wu	3/3
Mr. Wan Yee Joseph Lau *(passed away on February 7, 2024)*	N/A
Mr. Chi Wai Suen	2/3
Mr. John Junhua Gu *(appointed on December 5, 2024)*	N/A

III. BOARD OF DIRECTORS AND PERFORMANCE OF DUTIES

(i) Chairman and Chief Executive

Code provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Company does not maintain the office of chief executive officer. Instead, the general manager is responsible for the day-to-day management of the Company. Mr. Ting Yuk Anthony Wu has been the chairman of the Board, and Mr. Lim Hou Sen (Lin Haosheng) has been the general manager of the Company. The division of responsibilities between the chairman of the Board and the general manager has been clearly established.

(ii) Duties of the Board of Directors and the Management

The Board exercises the powers and duties set out in the Articles of Association, and shall be accountable to the Shareholders' general meeting. The duties of the Board include, but are not limited to, being responsible for convening the Shareholders' general meetings and reporting its work thereto; implementing resolutions adopted at the Shareholders' general meetings; making decisions on the operation plans and investment plans of the Company; formulating profit distribution plans and loss compensation plans of our Company; making decisions on the internal management structure and mechanisms of the Company; appointing or dismissing the general manager; appointing or dismissing the deputy general manager, chief financial officer and other personnel who should be appointed or dismissed by the Board according to the nominations made by the general manager, and making decisions on their remuneration matters; formulating the basic management system of our Company; and other powers conferred by the relevant laws, regulations, securities regulatory rules, the Articles of Association or the Shareholders' general meeting.

The management of our Company is responsible for daily management, administration and operation of the Group. It oversees the production, operation and management of our Company, organizing and implementing the resolutions of the Board and other duties specified in the Articles of Association. The Board shall discuss the authorization function and duty periodically. The management of our Company shall obtain approval from the Board before entering into any significant transaction.

(iii) Composition of the Board of Directors

Our Company strictly complies with the requirements under the Articles of Association and relevant rules in respect of the appointment of the Directors. Board meetings are convened in accordance with the Articles of Association and the rules of procedures of the Board of our Company.

As of the end of the Reporting Period, the Board of our Company comprises eight Directors, including three executive Directors (Mr. Lim Hou-Sen (Lin Haosheng), Mr. Liqiao Ma and Ms. Meirong Liu), two non-executive Directors (Mr. Ao Zhang and Mr. Wei Wang) and three independent non-executive Directors (Mr. Ting Yuk Anthony Wu, Mr. Chi Wai Suen and Mr. John Junhua Gu). None of the Directors, Supervisors and senior management have relationships (including financial, business, family or other material/relevant relationships) with other Directors, Supervisors and members of the senior management of our Company.

Following the passing away of Mr. Wan Yee Joseph Lau (being February 7, 2024) and as of December 5, 2024, the Board comprised seven Directors, including three executive Directors, two non-executive Directors and two independent non-executive Directors. The Company did not meet: (i) the minimum number of independent non-executive directors required under Rule 3.10(1) of Listing Rules; (ii) the requirement under Rule 3.10A of the Listing Rules which stipulates that independent non-executive directors must represent at least one-third of the Board; (iii) the minimum number of members in the audit committee required under Rule 3.21 of the Listing Rules; and (iv) the requirement under Rule 3.27A of the Listing Rules which stipulates that the nomination committee must be chaired by the chairman of the board or an independent non-executive director.

On December 5, 2024, Mr. John Junhua Gu was approved by Shareholders at the 2024 second extraordinary general meeting of the Company as the independent non-executive Director, and serves as the chairman of the Nomination Committee and a member of each of the Remuneration and Assessment Committee and Audit Committee of the Board. Accordingly, the Company has fully complied with Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules. Mr. John Junhua Gu has confirmed that he has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on November 11, 2024 and understands his obligations as a director of a listed issuer under the Listing Rules.

Our Company has received the annual confirmation of independence from each of the independent non-executive Directors. Our Company considers that each independent non-executive Director is independent as specified in the Listing Rules. Independent non-executive Directors are able to exercise independent and objective judgments and protect the interests of minority Shareholders.

The Company has established mechanism to ensure independent views and input are available to the Board, and channels are in place through formal and informal means whereby independent non-executive Directors can express their views in an open and candid manner as well as in a confidential manner, should circumstances require; these include regular Board surveys and Board reviews, dedicated meeting sessions with the chairman of the Board and interaction with management and other Board members including the chairman of the Board outside the boardroom. The mechanism to ensure independent views and input are available to the Board is reviewed annually.

The Directors (including the independent non-executive Directors) provide the Board with varied and valuable experience in business and professional knowledge, so that the Board can fulfil its function efficiently and effectively. In particular, the independent non-executive Directors are members of the Audit Committee, the Remuneration and Assessment Committee and the Nomination Committee.

Save as Mr. Ting Yuk Anthony Wu and Mr. Chi Wai Suen who were re-elected at a Shareholders' general meeting to serve a term of three years from the date of the 2022 AGM, our Directors (including the independent non-executive Directors) have entered into appointment letters with the Company from the date of their respective appointment and up until the expiration of the second session of the Board, and all of the Directors may offer themselves for reelection and re-appointment subject to the approval of the Shareholders. Their service contracts and appointment letters may be renewed in accordance with the Articles of Association and applicable regulations.

The biographies of all Directors are set out in "Directors, Supervisors and Senior Management" of this annual report.

(iv) Meetings of the Board of Directors and Attendance of Directors

The code provisions of the Corporate Governance Code prescribe that at least four regular Board meetings should be held each year. A notice of no less than 14 days shall be sent to all Directors before a regular meeting is convened so that they can have an opportunity to attend the meeting and include any relevant matters for discussion in the agenda. In addition, the Board meetings should be held at approximately quarterly intervals and have active participation of the majority of Directors, either in person or through electronic means of communication.

The Board held 6 meetings during the year ended December 31, 2024 for reviewing and approving the annual results for the year ended December 31, 2023 and unaudited interim results for the six months ended June 30, 2024, and conducting a review of the corporate governance policy of the Company and duties performed by the Board under paragraph D.3.1 of the Corporate Governance Code.

The chairman of the Board held one meeting with the independent non-executive Directors during the year ended December 31, 2024 without the presence of other Directors.

The attendance record of each Director at the Board meetings during the year ended December 31, 2024 is set out below:

Name of Director	Attendance/ Number of Board Meetings
Mr. Lim Hou-Sen (Lin Haosheng)	6/6
Ms. Meirong Liu	6/6
Mr. Liqiao Ma	6/6
Mr. Ao Zhang	6/6
Mr. Wei Wang	6/6
Mr. Ting Yuk Anthony Wu	6/6
Mr. Wan Yee Joseph Lau *(passed away on February 7, 2024)*	0/0
Mr. Chi Wai Suen	6/6
Mr. John Junhua Gu *(appointed on December 5, 2024)*	0/0

(v) Training for Directors

The Directors are continually provided with information on the developments and changes in the Listing Rules, other relevant laws and regulatory requirements and the business and market environments, to facilitate the performance of their responsibilities. Briefings and professional development trainings for the Directors are also arranged periodically by the Company and its professional advisors.

According to the records provided by the Directors, a summary of training received by the Directors for the year ended December 31, 2024 is as follows:

Name of Director	Training*
Mr. Lim Hou-Sen (Lin Haosheng)	✓
Ms. Meirong Liu	✓
Mr. Liqiao Ma	✓
Mr. Ao Zhang	✓
Mr. Wei Wang	✓
Mr. Ting Yuk Anthony Wu	✓
Mr. Wan Yee Joseph Lau *(passed away on February 7, 2024)*	✓
Mr. Chi Wai Suen	✓
Mr. John Junhua Gu *(appointed on December 5, 2024)*	✓

* During the Reporting Period, our Company arranged trainings for the Directors related to updates and changes in regulatory requirements and the business and market environment in a variety of ways from time to time. The trainings include disclosure of corporate governance practices by the issuers.

IV. BOARD COMMITTEES AND PERFORMANCE OF DUTIES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, the Company has established three Board committees, namely, the Audit Committee, the Remuneration and Assessment Committee and the Nomination Committee. During the Reporting Period, the composition of each Board committee is listed as follows:

Name of Committees	Members of Committee
Audit Committee	Mr. Chi Wai Suen *(Chairman) (Note 1)* Mr. Ting Yuk Anthony Wu Mr. Wan Yee Joseph Lau *(passed away on February 7, 2024)* Mr. John Junhua Gu *(appointed on December 5, 2024)*
Remuneration and Assessment Committee	Mr. Ting Yuk Anthony Wu *(Chairman)* Mr. Chi Wai Suen Mr. Wan Yee Joseph Lau *(passed away on February 7, 2024)* Mr. John Junhua Gu *(appointed on December 5, 2024)*
Nomination Committee	Mr. John Junhua Gu *(Chairman)* *(appointed on December 5, 2024)* Mr. Wan Yee Joseph Lau *(the then Chairman)* *(passed away on February 7, 2024)* Mr. Ting Yuk Anthony Wu Mr. Chi Wai Suen

Note 1: Mr. Chi Wai Suen holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

(i) Audit Committee

1. Functions of the Committee

Our Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code. The primary duties of the Audit Committee include, but are not limited to, the followings: (i) proposing the appointment or change of external auditors to the Board, monitoring the independence of external auditors and evaluating their performance; (ii) examining the financial information of our Company and reviewing financial reports and statements of our Company; (iii) examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to the Board; and (iv) dealing with other matters that are authorized by the Board.

None of the members of the Audit Committee is a former partner of the Company's external auditor, Zhonghui Anda.

2. *Work Summaries and Meetings of the Committee*

During the Reporting Period, the Audit Committee held 4 meetings and its main work involved the following:

- reviewing the annual results and financial report for the year ended December 31, 2023;
- reviewing the proposal in relation to re-appointment of auditors for the year ended December 31, 2024 and determination of remuneration for auditors;
- reviewing the unaudited interim results and financial report for the six months ended June 30, 2024;
- reviewing the financial reporting and the compliance procedures;
- reviewing the policies and practices on corporate governance;
- reviewing the compliance with the Corporate Governance Code and the disclosure requirement in the corporate governance report as contained in Appendix C1 to the Listing Rules;
- reviewing the code of conduct and the compliance manuals for employees and the Directors, the financial, operational and compliance monitoring;
- reviewing the risk management and internal control systems;
- reviewing the internal audit work of the risk management and internal audit department; and
- reviewing the work of the external auditor.

The Audit Committee met with the external auditor of the Company in the absence of the management of the Company once in relation to the provision of audit service to the Company for the year ended December 31, 2024.

3. *Attendance of Members of the Committee*

During the Reporting Period, the attendance records of the Audit Committee meetings are set out below:

Name of Committee Member	Attendance/ Number of Meeting(s)
Mr. Chi Wai Suen *(independent non-executive Director)*	4/4
Mr. Ting Yuk Anthony Wu *(independent non-executive Director)*	4/4
Mr. Wan Yee Joseph Lau *(the then independent non-executive Director) (passed away on February 7, 2024)*	0/0
Mr. John Junhua Gu *(independent non-executive Director) (appointed on December 5, 2024)*	0/0

The Company's annual results for the year ended December 31, 2024 were reviewed by the Audit Committee on March 28, 2025. The Audit Committee considers that the annual financial results for the year ended December 31, 2024 are in compliance with the relevant accounting standards, rules and regulations, and appropriate disclosures have been duly made.

(ii) Remuneration and Assessment Committee

1. Functions of the Committee

Our Company has established a Remuneration and Assessment Committee with written terms of reference in compliance with paragraph B.1 of the Corporate Governance Code. The primary duties of the Remuneration and Assessment Committee include, but are not limited to, the following: (i) advising the Board on the overall remuneration plan and structure of Directors, Supervisors and senior management and the establishment of transparent formal procedures for determining the remuneration policy of our Company; (ii) examining the criteria of performance evaluation of Directors, Supervisors and the senior management of our Company, conducting performance evaluation and making recommendations to the Board; (iii) making recommendations on the remuneration of Directors, Supervisors and the senior management staff in accordance with the terms of reference and the importance of their positions, the time they spend on such positions as well as the remuneration benchmarks for the relevant positions in other comparable companies; (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and (v) dealing with other matters that are authorized by the Board, and if necessary, engaging external experts to provide relevant independent services. During the Reporting Period, none of the matters relating to share schemes under Chapter 17 of the Listing Rules shall be subject to review and/or approval by the Remuneration and Assessment Committee.

2. *Work Summaries and Meetings of the Committee*

During the Reporting Period, the Remuneration and Assessment Committee held 3 meetings during the year ended December 31, 2024 to review the remuneration policy and structure of the Company, consider and make recommendations to the Board on the remuneration packages of the Directors, Supervisors and the senior management of the Company.

3. *Attendance of Members of the Committee*

During the Reporting Period, the attendance records of the Remuneration and Assessment Committee meetings are set out below:

Name of Committee Member	Attendance/ Number of Meeting(s)
Mr. Ting Yuk Anthony Wu *(independent non-executive Director)*	3/3
Mr. Wan Yee Joseph Lau *(the then independent non-executive Director) (passed away on February 7, 2024)*	0/3
Mr. Chi Wai Suen *(independent non-executive Director)*	3/3
Mr. John Junhua Gu *(independent non-executive Director) (appointed on December 5, 2024)*	0/3

Details of the Directors' and Supervisors' remuneration are set out in "Notes to the Consolidated Financial Statements – 9. Directors', Supervisors' and Chief Executive's Remuneration" of this annual report. In addition, the remuneration payable to the senior management of the Company (who are not the Directors) by band for the year ended December 31, 2024 is set out in the section headed "Corporate Governance Report – V. Remuneration of Senior Management" of this annual report.

(iii) Nomination Committee

1. Functions of the Committee

Our Company has established a Nomination Committee with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code. The primary duties of the Nomination Committee include, but are not limited to, the following: (i) conducting extensive searches and providing to the Board suitable candidates for Directors, general managers and other members of the senior management; (ii) overseeing the implementation of a Board diversity policy, taking into account various factors when determining the composition of our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and service tenure; (iii) examining the size and composition of the Board and its members in respect of their skills, knowledge, experience and diversity at least once every year, and making recommendations to the Board on any change in Board composition in accordance with our Company's strategies; (iv) researching and developing the standards and procedures for the election of the Board members, general managers and members of the senior management, and making recommendations to the Board; and (v) dealing with other matters that are authorized by the Board.

With respect to the nomination of new Directors and re-election of Directors, our Company follows a considered and transparent nomination policy, details of which are set out in the subsection "Other Relevant Matters – (XI) Nomination Policy" below.

2. Work Summaries and Meetings of the Committee

During the Reporting Period, the Nomination Committee held two meetings during the year ended December 31, 2024 to review the structure, size, composition and diversity (including skills, knowledge, experience, gender, age, cultural and educational background, ethnicity, professional experience and length of service) of the Board and make recommendations to the Board relating to the re-election of Directors to ensure that the Board has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company; to review the training and continuous professional development of the Directors and senior management; and to assess the independence of the independent non-executive Directors.

3. Attendance of Members of the Committee

During the Reporting Period, the attendance records of the Nomination Committee meetings are set out below:

Name of Committee Member	Attendance/ Number of Meeting(s)
Mr. Wan Yee Joseph Lau *(the then independent non-executive Director)* *(passed away on February 7, 2024)*	0/3
Mr. John Junhua Gu *(independent non-executive Director)* *(appointed on December 5, 2024)*	0/3
Mr. Ting Yuk Anthony Wu *(independent non-executive Director)*	3/3
Mr. Chi Wai Suen *(independent non-executive Director)*	3/3

V. REMUNERATION OF SENIOR MANAGEMENT

The remuneration payable to the senior management of the Company (who are not the Directors) by band during the Reporting Period is shown in the following table:

	Number of senior management Year ended December 31,	
Band of remuneration (in RMB)	2024	2023
0 – 1,000,000	2	1
1,000,000 – 2,000,000	–	1

VI. CONVENING AN EXTRAORDINARY GENERAL MEETING BY SHAREHOLDERS

According to the provisions of the Articles of Association, when Shareholders, individually or jointly, hold more than 10% of the shares of the Company with voting rights, request in writing to convene an extraordinary general meeting, The Board shall convene an extraordinary general meeting within two months.

1. Shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to request the Board to convene an extraordinary general meeting, which shall be submitted in writing to the Board. The Board shall, in accordance with the laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and the provisions of the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within ten days upon receipt of the request.

   If the Board agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within five days after the Board's resolution is made, and any changes to the original request in the notice shall be approved by the relevant Shareholders. If the Board does not agree to convene an extraordinary general meeting, or fails to provide feedback within ten days upon receipt of the request, the Shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall submit the request in writing to the Supervisory Committee.

   If the Supervisory Committee agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within five days upon receipt of the request, and any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. If the Supervisory Committee fails to give notice of general meeting within the prescribed period, it shall be deemed that the Supervisory Committee does not convene and preside over the general meeting, and Shareholders holding individually or collectively more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting on their own.

2. If the Supervisory Committee or the Shareholders decide to convene a general meeting on their own, they must notify the Board in writing.

   If Shareholders convene a general meeting on their own, the percentage of shares held by the convening Shareholders shall not be less than 10% before the announcement of the resolution of the general meeting.

   The Board and the secretary to the Board will cooperate in respect of the general meetings convened by the Supervisory Committee or the Shareholders on their own; the Board will provide the register of Shareholders as at the record date; and the expenses necessary for the meeting will be borne by the Company.

3. A notice shall be given 15 days before the extraordinary general meeting to notify each Shareholder of the time and venue of the meeting and matters to be deliberated.

(i) Putting Forward Inquiries to the Board

For putting forward inquiries to the Board, Shareholders may send written inquiries to inquiry@venusmedtech.com by email.

(ii) Putting Forward Proposals at General Meetings

When the Company convenes a general meeting, the Board, the Supervisory Committee and the Shareholders who, individually or jointly, hold more than 1% of the total number of Shares of the Company with voting rights, shall have the right to submit new proposals in writing to the Company at inquiry@venusmedtech.com by email 10 days prior to the date of general meeting. Proposals which are within the scope of powers and responsibilities of the general meeting shall be included in the agenda of the meeting by the Company. The convener shall issue a supplemental notice of general meeting within two days upon receipt of the proposals to announce the details of the ad hoc proposals, unless the ad hoc proposals are in violation of laws, administrative regulations or the provisions of the Articles of Association, or do not fall within the scope of authority of the general meeting.

VII. OTHER RELEVANT MATTERS

(i) Compliance with the Model Code

The Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms no less exacting than the required standard set out in the Model Code set out in Appendix C3 to the Listing Rules. The Company has made specific enquiries to all Directors and Supervisors concerning their compliance with the Model Code. All Directors and Supervisors confirmed that they had strictly observed all standards set out in our Company's code of conduct regarding Directors' and Supervisors' securities transactions during the year ended December 31, 2024.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the code of conduct regarding Directors' and Supervisors' securities transactions of the Company. No incident of non-compliance of code of conduct regarding Directors' and Supervisors' securities transactions by the employees was noted by the Company during the year ended December 31, 2024.

(ii) Responsibilities of Directors for the Consolidated Financial Statements

The following responsibility statement of Directors regarding the consolidated financial statements shall be read in conjunction with the responsibility statement of the independent auditor included in the independent auditor's report. Each responsibility statement regarding the consolidated financial statements shall be interpreted separately.

All Directors acknowledge and confirm their responsibilities of preparing the consolidated financial statements which truly reflect the business and operating results of the Group for the year ended December 31, 2024, including the results and cash flows of the Group.

Management has provided the necessary explanation and information for the Board to evaluate the consolidated financial statements of the Company, which are submitted for approval of the Board with full knowledge.

To the best knowledge of all Directors, there are no events or situations which may cause any material adverse impact on the ongoing operations of our Group.

(iii) Appointment and Remuneration of Auditing

The Company re-appointed Zhonghui Anda as the auditor of the consolidated financial statements of the Group prepared under International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance for the year ended December 31, 2024. There has been no change in the auditor appointed during the Reporting Period.

The statement of the Company's external auditor related to the auditor's responsibilities for the audit of the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

During the year ended December 31, 2024, the remuneration paid/payable to the external auditor of the Company for the provision of audit services for the year ended December 31, 2024 amounted to RMB3.7 million (including auditing fees incurred by each subsidiary).

During the year ended December 31, 2024, the remuneration paid/payable to the external auditor of the Company in respect of non-audit services for the year ended December 31, 2024 amounted to RMB0.4 million. The nature of such non-audit services is to provide advisory services.

(iv) Review by Audit Committee

The Audit Committee has reviewed the 2024 consolidated financial statements of the Group for the year ended December 31, 2024.

(v) Company Secretary

The company secretary of the Company is Mr. Wong Wai Chiu, a member of the Hong Kong Institute of Certified Public Accountants, who possesses the qualifications and experience as a company secretary as required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Wong is the associate director of SWCS Corporate Services Group (Hong Kong) Limited and Mr. Wong's main contact person at the Company is Ms. Yan Xiao, the secretary of the Board and the director of general affairs department of the Company.

Mr. Wong has confirmed that he had received no less than 15 hours of relevant professional training during the year ended December 31, 2024.

(vi) Communication with Shareholders

Our Company believes that effective communication with Shareholders is very significant to investor relations enhancement and to enhance investors' understanding of the Company's business, performance and strategies. We also believe that it is important for the information of the Company to be disclosed to Shareholders and investors in a timely manner and without reservation.

The Shareholders' general meetings provide opportunities of constructive communications between our Company and our Shareholders. Shareholders are encouraged to attend the Shareholders' general meetings in person, or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend in person. Our Company highly values the opinions, suggestions and concerns of the Shareholders and proactively carries out investor relation activities to keep in contact with the Shareholders and meet their reasonable demands in a timely manner.

The Company's website and inquiry email are available for Shareholders and investors to be updated on the latest information about the business operation and development, corporate governance practices and other latest information of the Company. Our Company also publishes announcements, circulars, notices of the Shareholders' general meeting, financial data and other information of our Company required to be disclosed under the Listing Rules from time to time on our Company's website. Shareholders are also encouraged to make inquiries by phone or email or write directly to the office address of our Company, which will be dealt with appropriately in a timely manner. Please refer to "Corporate Information" of this annual report for the contact details.

Shareholders' active participation at Shareholders' general meetings are encouraged. Our Directors, Supervisors and senior management will attend the Shareholders' general meetings, and shall also ensure that the external auditors will attend, to answer questions raised by the Shareholders.

The implementation and effectiveness of the initiatives taken by the Company were reviewed by the Board during the year ended December 31, 2024 and considered adequate and effective, having considered that the communication channels in place provided Shareholders and investment community with information about the latest development of the Group in a timely manner, and the Company has established a range of communication channels between itself and its Shareholders, investors and other Stakeholders to allow the Company to receive feedback effectively.

(vii) Board Diversity Policy

Our Company is committed to a merit-based system for Board composition, which requires a diverse and inclusive culture where Directors believe that their views are heard, their concerns are attended to and they serve in an environment where bias, discrimination and harassment on any matter are not tolerated. In order to enhance the effectiveness of our Board and to maintain a high standard of corporate governance, we have adopted a Board diversity policy.

Under this policy, we seek to achieve Board diversity through the consideration of a number of factors when reviewing the composition of the Board in the Director nomination and renomination processes, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. As part of the nomination and re-nomination processes, the Nomination Committee will assess the attributes, competencies, characteristics and backgrounds of the Board's current directors in light of the needs of the Board, including the extent to which the current composition of the Board and the number of women directors are consistent with the Board diversity policy. The ultimate decision of the appointment will be based on the merit of the selected candidates, and the contribution they will bring to our Board. Any headhunting firm engaged to assist the Board or the Nomination Committee in identifying candidates for appointment to the Board shall be directed to consider the desire of our Company to have its Board reflect a wide range of attributes, competencies, characteristics and backgrounds as contemplated by the Board diversity policy.

The Board has established a specific target number or date by which to achieve a specific number of women on the Board. The Board currently consists of one female Director and seven male Directors with a balanced mix of knowledge and skills, including but not limited to overall management and strategic development, finance, accounting and risk management, which has satisfied the requirement of gender diversity by Hong Kong Stock Exchange.

We will implement policies to ensure gender diversity when recruiting staff to develop a pipeline of female senior management and potential successors to the Board. We will strive to enhance our female representation and achieve an appropriate balance of gender diversity with reference to the stakeholders' expectation and internationally and locally recommended best practices. Furthermore, we will implement comprehensive programs aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board.

As of December 31, 2024, we had 691 full-time employees, of which 309 were male and 382 were female. The male-female ratio in the workforce (including senior management) was approximately 4:5. The Company has achieved and will continue to maintain a relatively balanced gender ratio in the workforce. The Company will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness. The Company is not aware of any mitigating factor or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

We are also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

The Nomination Committee annually reviews and monitors the implementation of the Board diversity policy to ensure its effectiveness. At present, the Nomination Committee considers that the Board members are fully diversified. The Nomination Committee will continue to monitor the implementation of the Board diversity policy and will regularly review the Board diversity policy to ensure its continued effectiveness.

(viii) Amendments to the Articles of Association

On December 5, 2024, the Articles of Association was approved to be amended for the purposes of, among others, (i) reflecting the latest updates on requirements and interpretation of the applicable PRC laws, the Listing Rules to expand the paperless listing regime and other rules and regulations; and (ii) making consequential and other housekeeping amendments.

Save as disclosed above, there has not been any changes to the Articles of Association during the Reporting Period and up to the date of the date of this annual report.

(ix) Risk Management and Internal Control

1. Risk Management

Details of the risk management of the Company are set out in "Management Discussion and Analysis – IV. Risk Management" of this annual report.

2. Establishment of the Internal Control System

The Board has established the internal control system, and monitored and reviewed it on an annual basis in compliance with Paragraph D.2 of the Corporate Governance Code. Such system is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

3. Main Features of the Internal Control System and Process Used to Review the Effectiveness of the Internal Control System and Rectify Defects

Below is a summary of the internal control policies, measures and procedures our Company has implemented:

- Our Company has adopted various measures and procedures regarding every aspect of our operations, such as protection of intellectual property, environmental protection and occupational health and safety protection. Our Company provides periodic training on these measures and procedures to our employees as part of our employee training program. Our Company also regularly monitors the implementation of those measures and procedures through our on-site internal control team for every stage of the produce development process.

- Our Directors, who are responsible for monitoring the corporate governance of our Group, with assistance from our legal advisors, periodically review our compliance status with all relevant laws and regulations after the Listing.

- Our Company has established the Audit Committee which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees the risk management and internal control procedures of our Group.

- The Board has engaged Somerley Capital Limited as its compliance adviser since June 14, 2023 to provide advice to our Directors and management team regarding matters relating to the Listing Rules.

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

- We maintain strict anti-corruption policies among our sales personnel and distributors in our sales and marketing activities. We also monitor to ensure that our sales and marketing personnel comply with applicable promotion and advertising requirements, which include restrictions on promoting our products for unapproved uses or patient populations, also known as off-label use, and limitations on industry-sponsored scientific and educational activities.

- The Company has an internal audit function, which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis.

4. *Procedures for Processing and Releasing Inside Information*

With approval from the Board and pursuant to the requirements of domestic and foreign laws and regulations, the Listing Rules and the Articles of Association as well as the practical conditions of our Company, our Company has formulated a policy on information disclosure management to determine the division of duties and responsibilities on information disclosure, the procedures for processing and releasing inside information and other information required to be disclosed. Pursuant to this system, our Company must, as soon as any inside information comes to its knowledge or a false market may be established, disclose the information to the public to the reasonable and practicable extent.

5. *Appraisal of Internal Control*

The Board acknowledges that, during the Reporting Period, the Board and the management of our Company are jointly responsible for the establishment, the effective implementation and improvement of a sound internal control system. The objectives of internal control of our Company are: guaranteeing the legality of operations of our Company and the execution of an internal regulatory system, protecting against operational risk and moral risk, securing the safety and completeness of the assets of the clients and our Company, ensuring the reliability, completeness and timeliness of the business records, financial information and other information of our Company and improving the operational efficiency and effectiveness of our Company.

As internal control has inherent restrictions, we can only reasonably guarantee that the above objectives may be achieved. Furthermore, the effectiveness of internal control may also change according to our Company's internal and external environment and operating conditions. Our Company has set up an inspection and supervision mechanism through which our Company can take measures to rectify deficiencies in the internal control once identified.

In relation to the unauthorized loans to connected persons of the Company identified in 2023, the Company engaged Deloitte Enterprise Consulting (Shanghai) Co., Ltd. Beijing Branch as the internal control consultant (the "Internal Control Consultant") to perform an independent review on the internal control systems of the Company, and all the subsidiaries identified in the Forensic Investigation as being involved in the Unauthorized Transactions between January 1, 2020 and December 31, 2023 (the "Internal Control Review") Following the completion of the Use of Proceeds Review on September 2, 2024, the Company further engaged the Internal Control Consultant to conduct a bring-down review covering the period up to December 31, 2024 (the "Updated Internal Control Review") and conducted testing to assess the adequacy of the Company's responses to the Internal Control Review. No material deficiency was identified from the Updated Internal Control Review.

As part of the recommendations of the Internal Control Review and the Updated Internal Control Review, the Company has implemented comprehensive enhancements to its internal controls, including but not limited to:

(i) establishing a reorganized and enhanced Internal Audit and Compliance Department to, among others, supervise the compliance and implementation of the internal controls of the Group, with direct reporting lines to the Audit Committee;

(ii) implementing revised and new internal control policies, including the Proceeds Management Policy, Internal Audit Management Policy, Monetary Funds and Bill Management Policy and Connected Transaction Management Policy;

(iii) establishing a Management Committee comprising three Directors to oversee the Group's internal control functions. For certain significant and infrequent operational activities such as all loans/guarantees/pledges and investments, connected parties' transactions, any external operational payments and disposal of assets with a single transaction amount exceeding RMB10 million, which are initiated and approved by the executives of the Company, these matters (should they occur) will then pass to the Steering Committee as an additional layer of oversight to ensure compliance with internal policies and governance frameworks;

(iv) enhancing payment and contractual approval systems for the Company's PRC entities and overseas subsidiaries, including: (a) strengthening the processes for the Company's PRC entities with an additional approver in the online banking system; and (b) implementing new online processes with a comprehensive approval matrix for Venus HK and Venus Medtech America transactions. The systems for the Company's PRC entities, Venus HK and Venus Medtech America require sequential reviews and approvals, as applicable, by department heads, finance department, legal department, and management, with higher-value transactions requiring additional approvers at the senior executive level, including CEO, COO, CTO, CFO, and vice presidents. Specific approvers are determined by both payment type and the relevant department; and

(v) establishing a monthly reporting system to the Steering Committee and the Board, including a red flag system to timely escalate important matters. The monthly reporting system includes three monthly reports: management accounts, a cash flow and major accounting ledger movement report, and cash balance statements, prepared by the finance department using data from the Company's internal electronic systems, management accounts, and bank statements. The cash flow and major accounting ledger movement report specifically tracks movements of all significant transactions in the month such as fund movements exceeding RMB10 million with external and related parties, financing activities, changes of overdue receivables above RMB5 million, major assets disposal and other material financial information. All three reports are distributed monthly to the Steering Committee and other Board members. The finance department and management maintain a protocol to alert the Board promptly of any unusual matters requiring special attention, though formal Board approval of these reports is not required. Following the establishment of the Steering Committee and implementation of the monthly reporting system, reports have been distributed monthly to the Steering Committee and the Board, with no identified concerns. The Internal Control Consultant has reviewed both the procedural aspects and the monthly report samples, no exceptions were noted regarding the design and implementation of the relevant reporting mechanism.

The Board conducts an annual review on the risks management and internal control system of the Company. During the year ended December 31, 2024, save as disclosed above, the Group was not aware of any material defect in internal control of the Group. The Board is of the view that the Group should further strengthen the resources, qualifications and experiences of the staff in the areas of finance, internal audit and the financial reporting function and ensure that the training and budget of the staff are adequate.

(x) Dividend Policy

Under our dividend policy, the Board is required to consider, among other things, the following factors when proposing dividends and determining the amount of dividends to be recommended to the Shareholders:

- the Company's actual and projected financial performance;
- the Company's working capital requirements, capital expenditure requirements and future business expansion plan;
- our present and future cash flow;
- other internal and external factors that may have an impact on our business operations or financial performance and position; and
- other factors that the Board deems relevant.

The PRC laws require that dividends be paid only out of our Company's distributable profits. Distributable profits are our Company's after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that our Company is required to make. As a result, our Company may not have sufficient or any distributable profits to make dividend distributions to our Shareholders, even if we become profitable.

Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, including (where required) the approval of our Shareholders. According to our Articles of Association, we will distribute dividends in the form of cash or Shares out of our distributable profits only after we have made the following allocations from our distributable profits:

- offsetting losses in prior years, if any;

- allocating to the statutory reserve fund equivalent to 10% of our profit after payment of all tariff items, and, when the statutory reserve fund reaches more than 50% of our registered capital, no further allocations to this statutory reserve fund will be required; and

- allocating to the discretionary reserve fund according to the resolutions of the Shareholders' general meeting.

Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years. Our Company's dividend distribution may also be restricted if our Company incurs debt or losses in accordance with any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that our Company or our subsidiaries may enter into in the future.

No dividend has been paid or declared by the Company for the year ended December 31, 2024. As of December 31, 2024, no arrangement was reached pursuant to which the shareholders of the Company waived or agreed to waive their dividends.

(xi) Nomination Policy

Our Company has established a considered and transparent nomination policy with respect to the standards and procedures for the nomination of new Directors and reelection of Directors. The Nomination Committee shall be responsible for nominating suitable candidates to the Board for consideration and making recommendations to the Shareholders regarding the election and reelection of Directors in accordance with the nomination policy.

In order to identify suitable candidates for the Board, the Nomination Committee considers the requirements under the Listing Rules, the Articles of Association and the relevant laws and regulations. Furthermore, in assessing the suitability of a proposed candidate, the Nomination Committee makes reference to factors, including but not limited to integrity, education, professional qualifications and past work experience, including part-time work experience, possession of necessary skills and experience; commitment in respect of available time and energy; diversity of the Board in areas, including but not limited to gender, age, cultural and educational background, race, professional experience, skill, knowledge and term of service; and the independent criteria as required under the Listing Rules for candidates for independent non-executive Directors.

The Nomination Committee shall convene a committee meeting, and invite members of the Board to nominate candidates (if any) for the Nomination Committee to consider before the meeting. The Nomination Committee may also nominate candidates that have not been proposed by members of the Board. The Nomination Committee shall then conduct due diligence in respect of each of the nominated candidates and make recommendations to the Board for its consideration. Recommendation from the Nomination Committee is still required with respect to the re-appointment of current members of the Board. The Board retains final discretion as to all matters relating to the nomination of candidates and the re-appointment of directors at the Shareholders' general meeting.

Unless otherwise provided by the laws and regulations or stipulated by any regulatory authority, there will be no disclosure to the public or acceptance of any public inquiry in relation to any nomination or any candidate, prior to the issuance of the Shareholders' circular. The Nomination Committee, the company secretary or other employees of our Company authorized by the Nomination Committee may respond to the queries of the regulatory authorities or members of the public after the Shareholders' circular has been issued, but shall not disclose any confidential information relating to the nomination(s) or the candidate(s).

For the procedures for Shareholders' nomination of candidates to the Board, please see our Company's website for details.

VIII. CORPORATE CULTURE

The Board believes that a strong culture enables the Company to deliver long-term sustainable performance and fulfill its role as a responsible corporate citizen. During the year ended December 31, 2024, the Company continued to strengthen its cultural framework 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 cooperative and innovative awareness. The Board's oversight of culture encompasses a range of measures and tools over time, including workforce engagement, employee retention and training, robust financial reporting, effective and accessible whistle blowing framework, legal and regulatory compliance (including compliance with the employee's code of conduct and corporate governance policies of the Group), as well as staff safety, wellbeing and support.

The Board has established the Company's purpose, values and strategy, and ensures that these and the Company's corporate culture are aligned. All existing Directors act with integrity, lead by example, and promote the desired corporate culture. Upholding the concept of sustainable development, the Company has, under the leadership of the Board, actively implemented corporate culture through daily operation, workplace policies and close communication with business stakeholders based on a sound governance structure, stringent risk management and effective internal control.

For further details of our corporate culture and path to build such corporate culture, please refer to the ESG Report published by the Company.

Taking into account the corporate culture in a range of contexts, the Board considers that the corporate culture, mission, value and strategy of the Group are aligned.

Independent Auditor's Report

中汇
ZHONGHUI

TO THE SHAREHOLDERS OF VENUS MEDTECH (HANGZHOU) INC.
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Venus Medtech (Hangzhou) Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 131 to 256, which comprise the consolidated statement of financial position as at 31 December 2024, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("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 the matters that, in our professional judgment, was 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.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and purchased intellectual property	
The Group had goodwill of RMB1,039,641,000 in the consolidated financial statements and intellectual property of RMB405,933,000 as disclosed in note 17 to the consolidated financial statements as at 31 December 2024. Intellectual property is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life. The Group is required to perform an impairment test of goodwill at least on an annual basis, and to perform an impairment test of intellectual property when an indication of impairment exists. The impairment test is based on the recoverable amount of the cash-generating unit to which the goodwill is allocated, and the recoverable amount of each individual asset, which is applicable. The recoverable amount is the higher of the cash-generating unit's or asset's value in use and its fair value less costs of disposal. This matter was significant to our audit because the impairment test process was complex and involved significant judgements and estimates. The Group's disclosures about the impairment test of goodwill and intellectual property are included in notes 3, 4, 16 and 17 to the consolidated financial statements.	We evaluated the competence, capabilities and objectivity of the independent valuer. We evaluated management's identification of the cash-generating units and the allocation of goodwill within the Group. We also evaluated management's assessment of impairment indications and management's determination of the cash generating units to which the intellectual property belongs. We obtained and reviewed management's future forecasted cash flows and key assumptions used in the value-in-use calculation by comparing to the Group's development plan, budget and financial projections and analysis on the industry. We evaluated the key valuation parameters such as the discount rate calculation, the terminal growth rate applied and the valuation model with forecasted cash flows. For the intellectual property measured under market approach, we evaluated the reasonableness of the key inputs used in the valuation. We also focused on the adequacy of the disclosures in the consolidated financial statements.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Cut-off of research and development costs	
The Group incurred significant research and development ("R&D") cost of RMB341,185,000 in the consolidated financial statements for the year ended 31 December 2024, which mainly consisted of clinical trial expenses and service fees paid to outsourced service providers, staff costs and others. The R&D activities with these service providers were typically performed over an extended period. This matter was significant to our audit because the amount of research and development costs was significant and allocation of these costs to the appropriate reporting period based on the progress of the R&D projects involved judgement. The Group's disclosures about R&D costs are included in notes 3 and 4 to the consolidated financial statements.	We reviewed the key terms set out in agreements with the outsourced service providers. We evaluated the progress of the R&D projects based on inquiry with project managers, inspection of supporting documents and obtaining confirmations from the outsourced service providers, on a sample basis, to determine whether these costs were recorded in the appropriate reporting period. We also performed search for unrecorded liabilities procedure subsequent to the year ended 31 December 2024.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:
https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre
This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Lee Chi Sum
Audit Engagement Director
Practising Certificate Number P08391
Hong Kong, 28 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	**2024 RMB'000**	2023 RMB'000
Revenue	6	**470,833**	491,373
Cost of sales		**(103,087)**	(102,168)
Gross profit		**367,746**	389,205
Other income and gains	6	**38,500**	241,560
Selling and distribution expenses		**(245,066)**	(300,477)
Research and development costs		**(341,185)**	(524,915)
Administrative expenses		**(146,026)**	(153,786)
Other expenses		**(372,440)**	(314,040)
(Impairment losses)/reversal of impairment losses on financial assets, net		**(21,441)**	2,210
Finance costs	8	**(16,647)**	(62,716)
Share of losses of:			
A joint venture		**(1,114)**	(1,515)
Associates		**(3,040)**	(10,866)
Loss before tax	7	**(740,713)**	(735,340)
Income tax credit	11	**23,340**	6,284
Loss for the year		**(717,373)**	(729,056)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequently periods:			
Exchange differences on translation of foreign operations		**24,213**	16,821
Reclassification of foreign currency translation reserve upon deconsolidation of subsidiaries		**(2,940)**	–
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**21,273**	16,821

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequently periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		**(16,359)**	254
Income tax effect		**352**	(42)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequently periods		**(16,007)**	212
Other comprehensive income for the year, net of tax		**5,266**	17,033
Total comprehensive loss for the year		**(712,107)**	(712,023)
Loss attributable to:			
– Owners of the parent		**(714,307)**	(703,754)
– Non-controlling interests		**(3,066)**	(25,302)
		(717,373)	(729,056)
Total comprehensive loss attributable to:			
– Owners of the parent		**(709,549)**	(687,274)
– Non-controlling interests		**(2,558)**	(24,749)
		(712,107)	(712,023)
Loss per share			
Attributable to ordinary equity holders of the parent			
– Basic and diluted (RMB)	13	**(1.63)**	(1.61)

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	14	**405,372**	543,372
Right-of-use assets	15(a)	**116,738**	150,096
Goodwill	16	**1,039,641**	1,024,354
Other intangible assets	17	**439,718**	551,022
Investment in a joint venture	18	**3,740**	4,793
Investment in associates	19	**58,390**	60,554
Deferred tax assets	32	**24,471**	17,660
Equity investments designated at fair value through other comprehensive income	20	**–**	16,269
Financial assets at fair value through profit or loss	25	**352,461**	428,380
Prepayments, other receivables and other assets	23	**6,759**	9,147
Total non-current assets		**2,447,290**	2,805,647
Current assets			
Inventories	21	**98,061**	112,942
Trade receivables	22	**198,567**	290,607
Prepayments, other receivables and other assets	23	**70,582**	105,066
Loans to former directors and a former director's controlled entity	24	**108,567**	106,167
Pledged deposit	26	**21,001**	211,649
Short-term bank deposit	26	**7,666**	7,240
Cash and cash equivalents	26	**298,036**	774,396
Total current assets		**802,480**	1,608,067
Current liabilities			
Trade payables	27	**30,229**	33,855
Lease liabilities	15(b)	**38,591**	37,722
Other payables and accruals	28	**272,144**	244,914
Interest-bearing bank borrowings	29	**17,518**	456,978
Government grants	30	**2,560**	700
Contract liabilities	31	**649**	28,842
Tax payable		**58**	2,157
Total current liabilities		**361,749**	805,168
Net current assets		**440,731**	802,899
Total assets less current liabilities		**2,888,021**	3,608,546

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Interest-bearing bank borrowings	29	**265,455**	248,929
Other payables and accruals	28	**363,942**	338,308
Lease liabilities	15(b)	**47,525**	82,557
Deferred tax liabilities	32	**–**	17,776
Government grants	30	**–**	1,630
Total non-current liabilities		**676,922**	689,200
Net assets		**2,211,099**	2,919,346
EQUITY			
Equity attributable to owners of the parent			
Share capital	33	**441,012**	441,012
Reserves	34	**1,770,087**	2,479,636
		2,211,099	2,920,648
Non-controlling interests		**–**	(1,302)
Total equity		**2,211,099**	2,919,346

The consolidated financial statements on pages 131 to 256 were approved and authorised for issue by the Board of Directors on 28 March 2025 and signed on its behalf by:

Lim Hou-Sen	**Meirong Liu**	**Liqiao Ma**
Director	*Director*	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital RMB'000	Treasury shares* RMB'000	Share premium* RMB'000 (note 34)	Other reserve* RMB'000 (note 34)	Fair value reserve* RMB'000 (note 34)	Exchange fluctuation reserves* RMB'000 (note 34)	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	**441,012**	**(72,548)**	**5,112,276**	**270,539**	**(28,478)**	**79,659**	**(2,881,812)**	**2,920,648**	**(1,302)**	**2,919,346**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(714,307)**	**(714,307)**	**(3,066)**	**(717,373)**
Other comprehensive income/(loss) for the year:										
Exchange differences related to foreign operations	**–**	**–**	**–**	**–**	**–**	**23,705**	**–**	**23,705**	**508**	**24,213**
Reclassification of foreign currency translation reserve upon deconsolidation of subsidiaries	**–**	**–**	**–**	**–**	**–**	**(2,940)**	**–**	**(2,940)**	**–**	**(2,940)**
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	**–**	**–**	**–**	**–**	**(16,007)**	**–**	**–**	**(16,007)**	**–**	**(16,007)**
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**–**	**(16,007)**	**20,765**	**(714,307)**	**(709,549)**	**(2,558)**	**(712,107)**
Deconsolidation of subsidiaries (note 36)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,860**	**3,860**
At 31 December 2024	**441,012**	**(72,548)**	**5,112,276**	**270,539**	**(44,485)**	**100,424**	**(3,596,119)**	**2,211,099**	**–**	**2,211,099**
At 1 January 2023	441,012	(72,548)	5,112,276	270,481	(28,690)	63,391	(2,178,058)	3,607,864	23,447	3,631,311
Loss for the year	–	–	–	–	–	–	(703,754)	(703,754)	(25,302)	(729,056)
Other comprehensive income for the year:										
Exchange differences related to foreign operations	–	–	–	–	–	16,268	–	16,268	553	16,821
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	212	–	–	212	–	212
Total comprehensive (loss)/income for the year	–	–	–	–	212	16,268	(703,754)	(687,274)	(24,749)	(712,023)
Equity-settled share option arrangement in an associate	–	–	–	58	–	–	–	58	–	58
At 31 December 2023	441,012	(72,548)	5,112,276	270,539	(28,478)	79,659	(2,881,812)	2,920,648	(1,302)	2,919,346

* These reserve accounts comprise the consolidated reserves of RMB1,770,087,000 (2023: RMB2,479,636,000) in the consolidated statements of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Loss before taxation		**(740,713)**	(735,340)
Adjustments for:			
Finance costs	8	**16,647**	62,716
Bank interest income	6	**(7,950)**	(21,290)
Other interest income	6	**(2,400)**	(13,167)
Fair value adjustments of contingent considerations	7, 28	**32,774**	(160,586)
Loss on disposal of items of property, plant and equipment	7	**87**	1,265
Gain on termination of leases	15(c)	**(17)**	(572)
Impairment losses/(reversal of impairment losses) on financial assets, net		**21,441**	(2,210)
Gain on deconsolidation of subsidiaries	36	**(3,621)**	–
Depreciation of property, plant and equipment	14	**24,672**	35,623
Depreciation of right-of-use assets	15	**36,580**	35,792
Amortisation of other intangible assets	17	**49,857**	53,372
Write-down of inventories to net realisable value	21	**15,472**	17,636
Share of profits and losses of a joint venture and associates		**4,154**	12,381
Fair value losses/(gains), net:			
Financial assets at fair value through profit or loss – mandatorily classified as such	7	**81,006**	(21,288)
Impairment of other intangible assets	17	**62,026**	17,518
Impairment of property, plant and equipment	14	**125,960**	–
Impairment of goodwill	16	**–**	231,262
Foreign exchange differences, net		**(880)**	(2,259)
		(284,905)	(489,147)
Increase in inventories		**(591)**	(26,182)
Decrease in trade receivables		**90,949**	14,209
(Increase)/decrease in prepayments, other receivables and other assets		**13,512**	17,374
Increase in trade payables		**4,848**	24,729
Increase in other payables and accruals		**38,689**	28,392
(Decrease)/increase in contract liabilities		**(28,193)**	25,890
Increase in government grants		**230**	360
Decrease/(increase) in pledged time deposits		**190,147**	(202,202)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash generated from/(used in) operations		**24,686**	(606,577)
Net income tax paid		**(947)**	(3,442)
Net cash from/(used in) operating activities		**23,739**	(610,019)
Cash flows from investing activities			
Advances of loans to former directors		**–**	(453,100)
Purchases of items of property, plant and equipment		**(33,916)**	(260,636)
Purchases of financial assets at fair value through profit or loss		**–**	(37,500)
Placement of bank deposits with original maturity over three months		**(426)**	(7,240)
Purchase of a shareholding in a joint venture		**–**	(3,541)
Purchases of other intangible assets		**(7,640)**	(2,272)
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	22,270
Interest received		**7,950**	21,290
Repayments of loans to former directors		**–**	370,957
Proceeds from disposal of items of property, plant and equipment		**14,617**	2,913
Net cash outflow from deconsolidation of a subsidiary	36	**(483)**	–
Net cash used in investing activities		**(19,898)**	(346,859)
Cash flows from financing activities			
Repayment of bank borrowings	37(b)	**(527,166)**	(513,578)
Interest paid	37(b)	**(21,600)**	(52,037)
Principal portion of lease payments	37(b)	**(36,090)**	(30,233)
Interest portion of lease payments	37(b)	**(7,012)**	(9,654)
New bank borrowings	37(b)	**104,028**	413,476
Decrease in pledged time deposits		**501**	18,040
Net cash used in financing activities		**(487,339)**	(173,986)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Net decrease in cash and cash equivalents		**(483,498)**	(1,130,864)
Cash and cash equivalents at the beginning of the year		**774,396**	1,879,431
Effect of foreign exchange rate changes, net		**7,138**	25,829
Cash and cash equivalents at the end of the year		**298,036**	774,396
Analysis of balance of cash and cash equivalents			
Cash and bank balances		**277,531**	632,652
Non-pledged time deposits		**20,505**	141,744
Cash and cash equivalents as stated in the statement of cash flows and statement of financial position	26	**298,036**	774,396

1. CORPORATE INFORMATION

Venus Medtech (Hangzhou) Inc. (the "Company") is a joint stock company with limited liability established in the People's Republic of China (the "PRC"). The registered office of the Company is located at Room 311, 3/F, Block 2, No. 88, Jiangling Road, Binjiang District, Hangzhou, the PRC. The address of its principal place of business in Hong Kong is 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

During the year, the Group was principally engaged in the research and development, and the manufacture and sale of bioprosthetic heart valves.

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 December 2019.

In the opinion of the directors, the Company has no holding company, ultimate holding company or controlling shareholders.

These financial statements are presented in Renminbi ("RMB") and all vales are rounded to nearest thousand except when otherwise indicated.

Information about subsidiaries

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

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activity
			2024		2023		
			Direct	Indirect	Direct	Indirect	
Venus Medtech (Hong Kong) Limited ("Venus HK")	Hong Kong 20 September 2018	Hong Kong dollars ("HK$")10,000	**100%**	**-**	100%	–	Research and development
Venus Medtech of America	United States of America ("USA") 31 August 2012	United states dollars ("US$")10,000,000	**100%**	**-**	100%	–	Research and development
Hangzhou Nuocheng Medical Technology Co., Ltd. ("Nuocheng")*	PRC/Mainland China 9 November 2017	RMB100,000,000	**-**	**100%**	–	100%	Research and development

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activity
			2024		2023		
			Direct	Indirect	Direct	Indirect	
Keystone Heart Ltd. ("Keystone")	Israel 17 November 2004	Nil	**–**	**100%**	–	100%	Research and development and manufacture of heart valves
510 Kardiac Devices, Inc. ("510 Kardiac")	Israel 5 February 2015	US$2,166,364	**–**	**100%**	–	100%	Research and development
Mitraltech Holdings Ltd. ("MTH")	Israel 27 October 2016	Nil	**–**	**100%**	–	100%	Research and development
Jilin Venus Haoyue Medtech Limited ("Haoyue")*	PRC/Mainland China 14 October 2020	RMB100,000,000	**–**	**15%# (note 36)**	–	15%#	Research and development
JVH of America ("JVH")	USA 30 October 2020	US$1,000,000	**–**	**15%# (note 36)**	–	15%#	Research and development

* The entity is a limited liability enterprise established under the PRC law.

\# Prior to 31 August 2024, the Group owned 15% of the shares of Haoyue. JVH is a 100% subsidiary of Haoyue (together with Haoyue," Haoyue Group"). In accordance with the investment agreement signed between the Group and other shareholders of Haoyue, the Group held 60% of voting rights of Haoyue though it held only 15% of equity shares. Therefore, the directors of the Company believe that the Group obtained control of the operating and financial activities of Haoyue Group, indirectly, based on the contractual arrangement and could consolidated Haoyue Group's financial statements from the date the Group obtained control.

However, on 31 August 2024, the Group determined that it no longer had control over Haoyue Group, because the third-party shareholders holding a total of 45% equity interest of Haoyue no longer delegated the voting rights to the Company, and the board of directors of Haoyue no longer included representatives from the Company. As a result, Haoyue Group was deconsolidated from the Group's consolidated financial statements and accounted for financial assets at fair value through profit or loss.

^ None of the subsidiaries had any debt securities subsisting at the end of the reporting period or at any time during the year ended 31 December 2024.

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. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRS Accounting Standards comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRS Accounting Standards that have been issued but are not yet effective. The application of these new and revised IFRS Accounting Standards will not have material impact on the financial statements of the Group.

3. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policy set out below.

The material accounting policies applied in the preparation of the consolidated financial statements are set out below.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Consolidation

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Consolidation (Continued)

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

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

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Business combination and goodwill (Continued)

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income, the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Associates

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

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Associates (Continued)

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Joint arrangements

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

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In relation to its interest in a joint operation, the Group recognises in its consolidated financial statements, its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly, in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Joint arrangements (Continued)

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

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

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

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

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

– Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

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

Machinery	9%-32%
Office equipment	9%-32%
Motor vehicles	19%-24%
Leasehold improvements	10%-86%

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

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Office premises	2 to 8 years
Leasehold land	50 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation commences when the intangible assets are available for use. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives.

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill) (Continued)

Intellectual property

Purchased intellectual property is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 to 19 years, which is determined by considering the typical product life cycles for the intellectual property and the technical obsolescence.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years.

Inventories

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

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's development is recognised only if all of the following conditions are met:

- An asset is created that can be identified (such as software and new processes);
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Recognition and derecognition of financial instruments

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

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in consolidated profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in consolidated profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in consolidated profit or loss.

Financial assets of the Group are classified under the following categories:

– Financial assets at amortised cost;

– Debt investments at fair value through other comprehensive income; and

– Financial assets at fair value through profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) Equity investments at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the equity investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

(iii) Financial assets at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Financial assets at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in consolidated profit or loss. The fair value gains or losses recognised in consolidated profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in consolidated profit or loss.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Derivative financial instruments

Derivatives (including contingent considerations under business combinations) are initially recognised and subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Equity instruments

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

Treasury shares

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

(i) Sales rebates

The Group may provide retrospective sales rebates to certain distributors based on their purchase amount, which are recognised as basic sales rebates, and may also provide additional sales rebates when distributors meet their performance requirements, such as sales targets, as agreed in the distribution agreements between the Group and the distributors. Rebates are offset against amounts payable by the distributor arising from its purchase. The expected value method is used to estimate the amount of the additional sales rebates. The requirements on constraining estimates of variable consideration are applied.

(ii) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Employee benefits

(i) 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. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

(ii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments

The Group issues equity-settled share-based payments to certain employees and non-employees.

Equity-settled share-based payments to employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to non-employees are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in consolidated profit or loss in the period in which they are incurred.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in consolidated profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if 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 Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities 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. If the Group is itself such a plan, the sponsoring employers are also 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); or

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgments in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Research and development costs

Research and development costs are expensed in accordance with the accounting policy for research and development costs in note 3 to the consolidated financial statements. Determining the amounts to be capitalised or expensed requires management to make assumptions and judgements regarding the technical feasibility of completing the intangible asset, future economic benefits and so forth.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the historical observed default rates from listed companies in the same sector. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the medical industry sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(a) Provision for expected credit losses on trade receivables (Continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 22 to the consolidated financial statements.

(b) Fair value of financial instruments

The Group has used valuation techniques such as recent transaction valuation, scenario analysis method, probability-weighted expected return method, market method and the discounted cash flow method for the valuation of the unlisted debt investments, unlisted equity investments and contingent consideration payables at the end of year as detailed in note 41 to the financial statements. These valuations require the Group to make estimates about risk-free rate, discount rate, equity volatility, discount for lack of marketability ("DLOM"), probability of initial public offering ("Probability of IPO") and market value versus research and development cost ("P/R&D"), and hence, they are subject to uncertainty. The Group classifies the fair value of these instruments as Level 2 and Level 3. Further details are included in notes 20, 25, 28 and 41 to the consolidated financial statements.

(c) Useful lives of intangible assets

The Group's finite life intangible assets primarily represent patents transferred from third parties. These intangible assets are amortised on a straight-line basis over their useful economic lives, which are estimated to be the patent life. If the Group's estimate of the duration of the sale of a product is shorter than the patent life, then the shorter period is used. Additional amortisation is recognised if the estimated useful lives of patents are different from the previous estimation. Useful lives are reviewed at the end of each reporting period based on changes in circumstances.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(d) Impairment of non-financial assets (other than goodwill)

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

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

(e) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires estimations of the recoverable amount of the cash-generating unit to which the goodwill is allocated, which is the higher of the cash-generating unit's value in use and its fair value less costs of disposal using cash flow projections based on a financial budget. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was RMB1,039,641,000 (2023: RMB1,024,354,000). Further details are given in note 16 to the consolidated financial statements.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(f) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Further details are included in note 11 to the consolidated financial statements.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2024 RMB'000	2023 RMB'000
Mainland China	**388,327**	418,699
Others	**82,506**	72,674
	470,833	491,373

The revenue information above is based on the locations of the customers.

5. OPERATING SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(b) Non-current assets

	2024 RMB'000	2023 RMB'000
Mainland China	**496,239**	726,200
Israel	**1,489,533**	1,527,002
Hong Kong	**58,390**	60,554
USA	**24,495**	26,900
Netherlands	**460**	490
	2,069,117	2,341,146

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets and financial instruments.

Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue during the year (2023: Nil).

6. 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	**470,833**	491,373

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
Geographical markets		
Mainland China	**388,327**	418,699
Others	**82,506**	72,674
Total revenue from contracts with customers	**470,833**	491,373
Timing of revenue recognition		
Goods transferred at a point in time	**470,833**	491,373

There was no revenue recognised during the year that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods.

(b) Performance obligations

Information about the Group's performance obligation is summarised below:

Sale of medical devices

The performance obligation, which is part of a contract that has an original expected duration of one year or less, is satisfied upon acceptance of the goods and payment is generally due within six months to one year from acceptance.

6. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations (Continued)

Sale of medical devices (Continued)

An analysis of other income and gains is as follows:

	2024 RMB'000	2023 RMB'000
Other income		
Bank interest income	**7,950**	21,290
Other interest income	**2,400**	13,167
Government grants (note(a))	**17,934**	18,894
Others	**5,715**	4,076
	33,999	57,427
Gains		
Fair value adjustments of contingent considerations (note 28)	**–**	160,586
Fair value gain on a derivative financial instrument	**–**	21,288
Gain on deconsolidation of a subsidiary (note 36)	**3,621**	–
Foreign exchange gains, net	**880**	2,259
	4,501	184,133
	38,500	241,560

Note:

(a) The government grants mainly represent incentives received from the local governments for the purpose of compensation for expenditure arising from research activities and clinical trial activities and awards for new valve product development and expenditure incurred on certain projects.

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold		**89,897**	76,260
Research and development costs		**256,517**	447,026
Depreciation of property, plant and equipment*	14	**24,672**	35,623
Depreciation of right-of-use assets	15(a)	**36,580**	35,792
Amortisation of other intangible assets**	17	**49,857**	53,372
Impairment of/(reversal of impairment of) trade receivables, net	22	**1,091**	(1,428)
Impairment of/(reversal of impairment of) other receivables	23	**20,350**	(782)
Impairment of property, plant and equipment	14	**125,960**	–
Write-down of inventories to net realisable value	21	**15,472**	17,636
Impairment of other intangible assets	17	**62,026**	17,518
Impairment of goodwill	16	**–**	231,262
Auditor's remuneration		**3,689**	5,725
Loss on disposal of items of property, plant and equipment, net		**87**	1,265
Expense relating to short-term leases	15(c)	**1,190**	2,432
Fair value loss/(gains), net:			
Financial assets at fair value through profit or loss			
– mandatorily classified as such		**81,006**	(21,288)
Fair value adjustments of contingent considerations	28	**32,774**	(160,586)
Employee benefit expenses*** (excluding directors', supervisors' and chief executive's remuneration (note 9)):			
Wages and salaries		**241,432**	308,347
Pension scheme contributions***		**15,571**	30,734
Staff welfare expenses		**24,439**	27,358
		281,442	366,439

7. LOSS BEFORE TAX (Continued)

* The depreciation of property, plant and equipment and employee benefit expense are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development costs" on the face of the consolidated statement of profit or loss and other comprehensive income and in "Inventories" on the face of the consolidated statement of financial position.

** The amortisation of other intangible assets is included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development costs" on the face of the consolidated statement of profit or loss and other comprehensive income.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank loans	20,472	58,623
Interest on lease liabilities (note 15(b))	7,012	9,654
Total interest expense	27,484	68,277
Less: Interest capitalised	(10,837)	(5,561)
	16,647	62,716

The capitalisation rates used to determine the amount of borrowing costs eligible for capitalisation for the year are 5-year Loan Prime Rate in Mainland China ("LPR") minus 0.10% and 5-year LPR minus 0.15% (2023: 5-year LPR minus 0.10% and 5-year LPR minus 0.15%).

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange, 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	912	1,080
Other emoluments:		
Salaries, allowances and benefits in kind	8,561	3,274
Performance related bonuses	–	273
Pension scheme contributions	355	154
	8,916	3,701
	9,828	4,781

The discretionary year-end performance bonus of executive directors and supervisors were based on their performance appraisal results in accordance with the Company's remuneration policy.

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(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
Mr. Ting Yuk Anthony Wu	**420**	360
Mr. Wan Yee Joseph Lau [(1)]	**39**	360
Mr. Chi Wai Suen	**420**	360
Mr. John Junhua Gu [(2)]	**33**	–
	912	1,080

(1) Mr. Wan Yee Joseph Lau passed away on 7 February 2024.

(2) Mr. John Junhua Gu was appointed as an independent non-executive director with effect from 5 December 2024.

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

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors and chief executive

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024				
Mr.Lim Hou-Sen (Lin Haosheng) (general manager)[(1)(2)(3)]	**2,706**	**–**	**85**	**2,791**
Ms. Meirong Liu[(4)]	**1,673**	**–**	**75**	**1,748**
Mr. Liqiao Ma[(3)]	**1,881**	**–**	**44**	**1,925**
	6,260	**–**	**204**	**6,464**
2023				
Mr. Zhenjun Zi[(2)]	221	–	19	240
Mr.Lim Hou-Sen (Lin Haosheng) (general manager)[(1)(2)(3)]	223	31	10	264
Mr. Min Frank Zeng[(3)]	1,049	–	42	1,091
Ms. Meirong Liu[(4)]	1,011	139	34	1,184
Mr. Liqiao Ma[(3)]	41	3	2	46
	2,545	173	107	2,825

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors and chief executive (Continued)

(1) The Group did not appoint a chief executive, and the duty of chief executive was performed by the general manager. The chief executive's emoluments shown above were for his services in connection with the management of the affairs of the Company and the Group.

(2) Mr. Zhenjun Zi resigned as the general manager and a executive director with effect from 20 November 2023 and Mr. Lim Hou-Sen (Lin Haosheng) was appointed as the general manager effect from 20 November 2023 and a executive director with effect from 15 December 2023.

(3) Mr. Min Frank Zeng resigned as the chairman and a executive director with effect from 15 December 2023 and Mr. Liqiao Ma was appointed as a executive director with effect from 15 December 2023.

(4) Mr. Lim Hou-Sen (Lin Haosheng) resigned as a executive director with effect from 5 January 2023 and Ms. Meirong Liu was appointed as a executive director with effect from 5 January 2023.

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

(c) Non-executive director

There were no fees and other emoluments payable to the non-executive director during the year (2023: Nil).

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(d) Supervisors

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024				
Ms. Yue Li [(3)]	**418**	**–**	**32**	**450**
Ms. Min Shao [(2)]	**248**	**–**	**28**	**276**
Mr. Wei Chen [(1)]	**1,384**	**–**	**69**	**1,453**
Mr. Changxi Zhang [(2)]	**188**	**–**	**15**	**203**
Ms. Xiaojuan Li [(3)]	**63**	**–**	**7**	**70**
	2,301	**–**	**151**	**2,452**
2023				
Ms. Yue Li [(3)]	361	32	23	416
Ms. Min Shao [(2)]	309	17	21	347
Mr. Wei Wang [(1)]	–	–	–	–
Mr. Wei Chen [(1)]	59	51	3	113
	729	100	47	876

(1) Mr. Wei Wang resigned as a supervisor with effect from 30 November 2023 and Mr. Wei Chen was appointed as a supervisor with effect from 30 November 2023.

(2) Ms. Min Shao resigned as a supervisor with effect from 30 August 2024 and Mr. Changxi Zhang was appointed as a supervisor with effect from 30 August 2024.

(3) Ms. Yue Li resigned as a supervisor with effect from 10 October 2024 and Ms. Xiaojuan Li was appointed as a supervisor with effect from 10 October 2024.

(4) The supervisors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

There was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2023: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the remaining two (2023: three) highest paid employees who are neither a director nor chief executive of the Company during the year are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	4,250	2,957
Performance related bonuses	–	1,570
Pension scheme contributions	113	76
	4,363	4,603

There were no other emoluments payable to the five highest paid employees during the year (2023: Nil).

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employee	
	2024	2023
HK$1,000,001 to HK$1,500,000	–	2
HK$1,500,001 to HK$2,000,000	1	–
HK$2,000,001 to HK$2,500,000	–	1
HK$3,000,001 to HK$3,500,000	1	–
	2	3

11. INCOME TAX

PRC

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to corporate income tax at a rate of 25% on the taxable income. Preferential tax treatment is available to the Company, since it was recognised as a High and New Technology Enterprise in December 2024, and was entitled to a preferential tax rate of 15% during the year (2023: 15%). Certain subsidiaries of the Group are qualified as small and micro enterprises and are subject to a preferential income tax rate of 20% during the year with the first annual taxable income of RMB1,000,000 eligible for 87.5% reduction and the income between RMB1,000,000 and RMB3,000,000 eligible for 75% reduction.

USA

Pursuant to the relevant tax laws of the USA, federal corporation income tax was levied at the rate of 21% (2023: 21%) on the taxable income arising in the USA during the year.

Israel

Pursuant to the relevant tax laws of Israel, the corporate income tax was levied at 23% (2023: 23%) on the taxable income arising in Israel during the year.

United Kingdom ("UK")

Pursuant to the relevant tax laws of the UK, the principal federal tax was levied at the rate of up to 19% (2023: up to 19%) on the taxable income arising in the UK during the year.

Netherlands ("NL")

Pursuant to the relevant tax laws of the NL, the corporate income tax was levied at the rate of up to 19% (2023: up to 19%) on the taxable income arising in the NL during the year.

11. INCOME TAX (Continued)

Germany

Pursuant to the relevant tax laws of Germany, the corporate income tax was levied at 16% (2023: N/A) on the taxable income arising in Germany during the year.

The income tax credit of the Group during the year is analysed as follows:

	2024 RMB'000	2023 RMB'000
Current – PRC		
Charge for the year	**377**	160
Current – USA		
Charge for the year	**194**	11
Current – NL		
Charge for the year	**377**	422
Deferred (note 32)	**(24,288)**	(6,877)
	(23,340)	(6,284)

A reconciliation of the tax credit applicable to loss before tax at the statutory rate to the tax credit at the effective tax rate is as follows:

	2024 RMB'000	2023 RMB'000
Loss before tax	**(740,713)**	(735,340)
Tax at the statutory tax rate	**(156,814)**	(144,170)
Preferential income tax rates enacted by local authority	**33,793**	24,790
Expenses not deductible for tax	**5,627**	10,909
Additional deductible allowance for research and development costs	**(13,871)**	(18,827)
Tax losses utilised from previous periods	**(2)**	(3,296)
Temporary differences and tax losses not recognised	**107,927**	124,310
Tax credit at the Group's effective tax rate	**(23,340)**	(6,284)

11. INCOME TAX (Continued)

Deferred tax assets have not been recognised in respect of the following items:

	2024 RMB'000	2023 RMB'000
Tax losses	**3,401,414**	2,767,794
Deductible temporary differences	**1,217,024**	1,000,217
	4,618,438	3,768,011

The Group has tax losses arising in Mainland China of RMB1,414,654,000 (2023: RMB1,086,938,000) that will expire in one to ten years for offsetting against taxable profits.

The Group has tax losses arising in the USA of US$2,391,000 (equivalent to RMB17,029,000) (2023: US$929,000 (equivalent to RMB6,549,000)) that have no limitation for offsetting against future taxable profits.

The Group has tax losses arising in Hong Kong of US$18,648,000 (equivalent to RMB132,804,000) (2023: US$15,104,000 (equivalent to RMB106,432,000)) that have no limitation for offsetting against future taxable profits.

The Group has tax losses arising in Israel of US$250,341,000 (equivalent to RMB1,782,853,000) (2023: US$217,574,000 (equivalent to RMB1,533,180,000)) that have no limitation for offsetting against future taxable profits.

The Group has tax losses arising in Netherlands of US$7,580,000 (equivalent to RMB53,983,000) (2023: US$4,924,000 (equivalent to RMB34,695,000)) that have no limitation for offsetting against future taxable profits.

The Group has tax losses arising in Germany of US$13,000 (equivalent to RMB91,000) (2023: N/A) that have no limitation for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

12. DIVIDEND

No dividend has been paid or declared by the Company during the year (2023: Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculation of basic loss per share is based on:

	2024 RMB'000	2023 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent	**(714,307)**	(703,754)

	Number of shares	
	2024	2023
Shares		
Weighted average number of shares in issue during the year	**437,897,443**	437,897,443

14. PROPERTY, PLANT AND EQUIPMENT

	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024:						
Cost	104,515	63,369	3,080	96,618	394,595	662,177
Accumulated depreciation	(35,431)	(35,168)	(1,645)	(46,561)	–	(118,805)
Net carrying amount	69,084	28,201	1,435	50,057	394,595	543,372
At 1 January 2024, net of accumulated depreciation	69,084	28,201	1,435	50,057	394,595	543,372
Additions	2,432	502	–	551	35,466	38,951
Disposals	(606)	(6,145)	(323)	(7,630)	–	(14,704)
Deconsolidation of subsidiaries (note 36)	(7,081)	(442)	–	(4,365)	–	(11,888)
Depreciation provided during the year (note 7)	(10,365)	(7,229)	(446)	(6,632)	–	(24,672)
Impairment during the year (note 7)	–	–	–	–	(125,960)	(125,960)
Transfers	2,883	–	–	–	(2,883)	–
Exchange realignment	–	138	–	135	–	273
At 31 December 2024, net of accumulated depreciation and impairment	56,347	15,025	666	32,116	301,218	405,372
At 31 December 2024:						
Cost	100,340	53,279	2,758	81,655	427,178	665,210
Accumulated depreciation and impairment	(43,993)	(38,254)	(2,092)	(49,539)	(125,960)	(259,838)
Net carrying amount	56,347	15,025	666	32,116	301,218	405,372

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023						
At 1 January 2023:						
Cost	90,176	52,878	4,430	91,213	162,135	400,832
Accumulated depreciation	(24,436)	(22,492)	(1,302)	(34,463)	–	(82,693)
Net carrying amount	65,740	30,386	3,128	56,750	162,135	318,139
At 1 January 2023, net of accumulated depreciation	65,740	30,386	3,128	56,750	162,135	318,139
Additions	9,000	7,412	–	5,086	243,054	264,552
Disposals	(2,555)	(273)	(1,350)	–	–	(4,178)
Depreciation provided during the year (note 7)	(10,985)	(12,365)	(343)	(11,930)	–	(35,623)
Transfers	7,883	2,711	–	–	(10,594)	–
Exchange realignment	1	330	–	151	–	482
At 31 December 2023, net of accumulated depreciation and impairment	69,084	28,201	1,435	50,057	394,595	543,372
At 31 December 2023:						
Cost	104,515	63,369	3,080	96,618	394,595	662,177
Accumulated depreciation and impairment	(35,431)	(35,168)	(1,645)	(46,561)	–	(118,805)
Net carrying amount	69,084	28,201	1,435	50,057	394,595	543,372

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

For the year ended 31 December 2024, the Group implemented strategic adjustments to focus on the core business of heart valves, gradually suspended the investment in the Venus Medtech Life and Health Industrial Park ("Industrial Park") project located in Binjiang District from the second half of the year, and planned to conduct asset divestiture. At the end of the reporting period, the Group engaged an independent qualified valuer, Hangzhou PG Advisory Co., Ltd, to assess the valuation of the Industrial Park. Based on the valuation, it is determined that the recoverable amount (based on its value in use) is RMB338,210,000. The Group estimates the value in use of the Industrial Park using a reversionary yield/discount rate of 6.5%. At 31 December 2024, the carrying amount of fixed assets, construction in progress and leasehold land (note 15) related to the Industrial Park amounted to RMB464,170,000. The difference of RMB125,960,000 between the carrying amount and the recoverable amount has been recognized as an impairment loss in the Group's consolidated financial statements.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of office premises used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premises generally have lease terms between 2 and 8 years. Other office premises generally have lease terms of 12 months or less. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

15. LEASES (Continued)

The Group as a lessee (Continued)

(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:

	Leasehold land RMB'000	Office premises RMB'000	Total RMB'000
As at 1 January 2023	42,377	100,767	143,144
Additions	–	53,246	53,246
Depreciation charge (note 7)	(868)	(34,924)	(35,792)
Reductions as a result of termination of leases	–	(12,306)	(12,306)
Exchange realignment	–	1,804	1,804
As at 31 December 2023 and 1 January 2024	**41,509**	**108,587**	**150,096**
Additions	**–**	**9,048**	**9,048**
Reduction as a result of deconsolidation of a subsidiary (note 36)	**–**	**(8,077)**	**(8,077)**
Depreciation charge (note 7)	**(868)**	**(35,712)**	**(36,580)**
Reductions as a result of termination of leases	**–**	**(1,405)**	**(1,405)**
Exchange realignment	**–**	**3,656**	**3,656**
As at 31 December 2024	**40,641**	**76,097**	**116,738**

15. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount as at 1 January	**120,279**	103,661
New leases	**9,048**	53,246
Reduction as a result of deconsolidation of a subsidiary (note 36)	**(8,959)**	–
Reductions as a result of termination of leases	**(1,422)**	(12,878)
Accretion of interest recognised during the year (note 8)	**7,012**	9,654
Exchange realignment	**3,260**	6,483
Payment	**(43,102)**	(39,887)
Carrying amount as at 31 December	**86,116**	120,279
Analysed into:		
Current portion	**38,591**	37,722
Non-current portion	**47,525**	82,557
	86,116	120,279

The maturity analysis of lease liabilities is disclosed in note 42 to the consolidated financial statements.

15. LEASES (Continued)

The Group as a lessee (Continued)

(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	**7,012**	9,654
Depreciation charge of right-of-use assets	**36,580**	35,792
Gain on termination of leases, net	**(17)**	(572)
Expense relating to short-term leases (included in cost of sales, selling and distribution expenses, research and development costs and administrative expenses) (note 7)	**1,190**	2,432
Total amount recognised in profit or loss	**44,765**	47,306

(d) The total cash outflow for leases is disclosed in note 37(c) to the consolidated financial statements.

16. GOODWILL

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

– Nuocheng cash-generating unit ("Nuocheng unit"); and

– MTH cash-generating unit ("MTH unit").

16. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	Nuocheng unit RMB'000	MTH unit RMB'000	Total RMB'000
Cost and net carrying amount at 1 January 2023	231,262	1,007,273	1,238,535
Impairment during the year (note 7)	(231,262)	–	(231,262)
Exchange realignment	–	17,081	17,081
Net carrying amount at 31 December 2023	–	1,024,354	1,024,354
At 31 December 2023:			
Cost	231,262	1,024,354	1,255,616
Accumulated impairment	(231,262)	–	(231,262)
Net carrying amount	–	1,024,354	1,024,354
Cost at 1 January 2024, net of accumulated impairment	**–**	**1,024,354**	**1,024,354**
Exchange realignment	**–**	**15,287**	**15,287**
Net carrying amount at 31 December 2024	**–**	**1,039,641**	**1,039,641**
At 31 December 2024:			
Cost	**231,262**	**1,039,641**	**1,270,903**
Accumulated impairment	**(231,262)**	**–**	**(231,262)**
Net carrying amount	**–**	**1,039,641**	**1,039,641**

16. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Nuocheng unit

Nuocheng unit principally focused on development of Liwen RF® ablation system for the treatment of hypertrophic cardiomyopathy ("Nuocheng Product"). In March 2023, the Liwen RF® ablation system has successfully enrolled one patient at West China Hospital, Sichuan University, thus completing the enrollment of patients for confirmatory clinical trial in China. During the year ended 31 December 2023, design validation of the Liwen RF® ablation system for NMPA has been completed, and enrollment and most of the follow-up in confirmatory clinical trials have been completed. Excellent clinical performance has been demonstrated in early exploratory clinical trials as well as confirmatory clinical trials. However, the commercialisation and full profitability of the Liwen RF® ablation system will still require a longer period of time and significant capital investment, including but not limited to follow-up for confirmatory clinical trials, patient education, marketing, quality system construction and registration related expenses. The management has made a prudent decision not to make further business planning for the Liwen RF® ablation system and to only maintain the patents related to core technology of the product, after taking into account of the domestic and overseas market conditions (such as the potential effect on the competitive products with Nuocheng Product to be launched), as well as the Group's product layout and long-term development strategy. This decision is based on the prioritisation of internal resources of the Group, with a focus on investing more resources in the ongoing development of the interventional heart valve business in the coming years. In light of these circumstances, the Group has ultimately decided to make full impairment on relevant goodwill for the year ended 31 December 2023 and reevaluate the value of relevant intangible assets. There were remarkable signs that the new technologies and products had huge potential and might achieve success when the Group determined on whether to conduct research and development and market new technologies and products. However, these impairment events were related to the rapidly changing market environment, the Group's internal resource allocation, product layout and adjustments to corporate strategy, which could not have been anticipated at the time of initial recognition.

16. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Nuocheng unit (Continued)

The recoverable amount of Nuocheng unit had been determined based on value in use calculation. As Nuocheng had ceased its operation during the year ended 31 December 2023, the expected future economic benefits from Nuocheng unit were considered to be minimal. As a result, the management estimated that the recoverable amount of Nuocheng unit was zero and a full impairment of the goodwill related to Nuocheng unit have been made during the year ended 31 December 2023.

MTH unit

MTH unit principally focused on development of mitral valve and tricuspid valve replacement products ("MTH Products"). Goodwill acquired through the business combination of MTH Group is allocated to MTH unit for impairment testing.

The recoverable amount of the MTH cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on a financial budget covering a 12-year period approved by senior management. Management considers that using a 12-year forecast period for a financial budget in the goodwill impairment test is appropriate because the useful life of MTH's relevant intellectual property is longer than thirteen years, and it generally takes longer for a medical device company, compared to companies in other industries, to reach a perpetual growth mode despite that the market of such products has substantial growth potential, especially when its product is still under clinical trial and the commercialisation of such product has not been commenced. Hence, financial budgets covering a 12-year period were used as management believes that a forecasted period longer than five years is feasible and reflects a more accurate entity value.

16. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

MTH unit (Continued)

Key assumptions used in the calculation are as follows:

	2024	2023
Revenue (% compound growth rate)	**43.87%**	43.87%
Gross margin (% of revenue)	**49.75%-59.39%**	49.75%-59.39%
Net margin (% of revenue)	**-56.88%-28.38%**	-56.80%-28.38%
Terminal growth rate	**0.00%**	0.00%
Pre-tax discount rate	**23.50%**	22.30%

Assumptions were used in the value in use calculation of the cash-generating unit as at 31 December 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue – The basis used to determine the budgeted revenue is based on management's expectation of when to launch MTH's product and also the expectation of the future market. MTH Products are at clinical trial stage and expected to commence commercialization in 2027. Management expects to submit a filing application for the tricuspid valve replacement products to the CE Medical Device Regulation in Europe (the "CE MDR") in 2026 and the NMPA for review and approval in 2027, and expects to submit a filing application for the mitral valve replacement products to the CE MDR and the NMPA for review and approval in 2028. The compound growth rate of revenue was estimated based on information available at the time of assessment, disregarding information that became available after the assessment. Such information includes current industry overview and estimated market development of related products.

Gross margin – The basis used to determine the value assigned to the budgeted gross margin is the average gross margin expected to achieve in the year when to launch MTH Products, increased for expected efficiency improvements and expected market development.

16. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

MTH unit (Continued)

Net margin – The basis used to determine the value assigned to the budgeted net margin is the average net margin expected to achieve in the year when to launch MTH Products, increased for expected efficiency improvements and expected market development.

Terminal growth rate – The forecasted terminal growth rate is based on management expectations and does not exceed the long-term average growth rate for the industry relevant to the cash-generating unit.

Pre-tax discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions on market development of related products and the after-tax discount rate are consistent with external information sources.

Based on the impairment assessment conducted by the Group utilising the above key assumptions, the recoverable amount of the cash-generating unit estimated from the cash flow forecast is US$263,100,000 (2023: US$224,565,000) which exceeded the carrying amount of MTH unit including goodwill by US$75,198,000 (2023: US$31,631,000) and no impairment was considered necessary.

If the pre-tax discount rate rose to 26.52% (2023: 23.42%), the gross margin decreased to the range from 43.41% to 53.05% (2023: from 46.85% to 56.47%), or the compound growth rate of revenue decreased to 41.78% (2023: 42.95%) (with other assumptions remaining unchanged), the recoverable amount of the cash-generating unit would be decreased to the carrying amount of goodwill. Except for these, any reasonable possible changes in the other key assumptions used in the value-in-use assessment model would not affect management's view on impairment as at 31 December 2024 and 2023.

17. OTHER INTANGIBLE ASSETS

	Intellectual property RMB'000	Software RMB'000	Total RMB'000
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	**514,403**	**36,619**	**551,022**
Additions	**1,654**	**2,388**	**4,042**
Deconsolidation of subsidiaries (note 36)	**(9,470)**	**–**	**(9,470)**
Amortisation provided during the year (note 7)	**(44,635)**	**(5,222)**	**(49,857)**
Impairment during the year (note 7)	**(62,026)**	**–**	**(62,026)**
Exchange realignment	**6,007**	**–**	**6,007**
At 31 December 2024	**405,933**	**33,785**	**439,718**
At 31 December 2024:			
Cost	**859,345**	**54,221**	**913,566**
Accumulated amortisation and impairment	**(453,412)**	**(20,436)**	**(473,848)**
Net carrying amount	**405,933**	**33,785**	**439,718**
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	571,367	39,804	611,171
Additions	1,200	2,074	3,274
Amortisation provided during the year (note 7)	(48,113)	(5,259)	(53,372)
Impairment during the year (note 7)	(17,518)	–	(17,518)
Exchange realignment	7,467	–	7,467
At 31 December 2023	514,403	36,619	551,022
At 31 December 2023:			
Cost	859,540	51,833	911,373
Accumulated amortisation and impairment	(345,137)	(15,214)	(360,351)
Net carrying amount	514,403	36,619	551,022

17. OTHER INTANGIBLE ASSETS (Continued)

During the year ended 31 December 2023, as mentioned in note 16, Nuocheng unit has ceased its operation but only maintain the patents related to core technology of the Nuocheng Product. The related patents are included in intellectual property. The recoverable amounts of the intellectual property have been determined based on fair value less costs of disposal as the expected future economic benefits from Nuocheng unit were considered to be minimal. The Group engaged an independent qualified valuer, Hangzhou PG Advisory Co., Ltd., to perform the valuation based on market approach – market multiple method which is a commonly used valuation method in the market. The key assumption used in the valuation is enterprise value to research and development cost ratio. Based on the valuation, an impairment provision of RMB15,847,000 have been made on the intellectual property related to Nuocheng Product.

During the year ended 31 December 2024, the patents related to the core technology of the Nuocheng Product, which are included in intellectual property, faced a lack of market acceptance and no feasible means of monetization. As a result, these patents could no longer be sold or generate future economic benefits. After further assessment by management and an independent qualified valuer, Hangzhou PG Advisory Co., Ltd., it is determined that the recoverable amount of these patents has been decreased to zero. Consequently, the Group fully impaired the remaining carrying value of these patents, recognizing an impairment provision of RMB62,026,000.

During the year ended 31 December 2024, total impairment provision of RMB62,026,000 (2023: RMB17,518,000) in relation to other intangible assets were recognised in profit or loss.

18. INVESTMENT IN A JOINT VENTURE

	2024 RMB'000	2023 RMB'000
Share of net assets	**3,740**	4,793

The following table illustrates the financial information of the Group's joint venture that is not individually material:

	2024 RMB'000	2023 RMB'000
Share of the joint venture's loss for the year	**(1,114)**	(1,515)
Share of the joint venture's total comprehensive loss	**(1,114)**	(1,515)
Aggregate carrying amount of the Group's investment in the joint venture	**3,740**	4,793

19. INVESTMENT IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	**58,390**	60,554

The Group's shareholdings in these associates comprise equity shares held through a wholly-owned subsidiary of the Company. The Group's investments in associates are accounted for under the equity method of accounting because the Group has significant influence over these entities by way of representation on the board of directors or equivalent governing body of the investee and participation in the policy making process, despite the fact that the Group's direct equity interest in these entities was lower than 20% for the years ended 31 December 2024 and 2023.

19. INVESTMENT IN ASSOCIATES (Continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of the associates' loss for the year	**(3,040)**	(10,866)
Share of the associates' total comprehensive loss	**(3,040)**	(10,866)
Aggregate carrying amount of the Group's investments in the associates	**58,390**	60,554

20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Unlisted equity investments, at fair value		
Opus Medical Therapies, LLC ("Opus")	**–**	16,269
	–	16,269

Opus is an innovative medical device company focused on developing transcatheter mitral valve replacement and transcatheter tricuspid valve replacement (TMVR/TTVR) products. In May 2020, the Group reached a cooperation agreement with Opus to jointly develop, manufacture, and sell TMVR and TTVR products in the Greater China.

The Group invested in convertible bonds of US$4.0 million and equity interests of US$1.0 million in April 2020, respectively, and further invested in convertible bonds of US$5.0 million and equity interests of US$1.0 million in March 2021. The above equity investments of US$2.0 million were irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature.

20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

Although Opus has made some progress in research and development and clinical stages, its cash flow remains under pressure. For the year ended 31 December 2024, both convertible bonds invested by the Group (with a total carrying value of US$9.0 million) have matured and unable to repaid the principal and interest to the Group. Based on management's review of Opus's latest financial statements and discussions with Hangzhou PG Advisory Co., Ltd, an independent third-party valuer, given the significant uncertainty regarding Opus's ability to continue as a going concern, the Group considers the fair value of its equity interest and convertible bonds in Opus to be zero.

The fair value adjustment on the unlisted equity investment measured at fair value through other comprehensive income for the year was in an amount of loss of RMB16,359,000 (2023: gain of RMB254,000).

21. INVENTORIES

	2024 **RMB'000**	2023 RMB'000
Raw materials	**65,845**	66,575
Work in progress	**7,613**	16,907
Finished goods	**33,959**	49,283
	107,417	132,765
Provision for impairment of inventories	**(9,356)**	(19,823)
	98,061	112,942

21. INVENTORIES (Continued)

The movements in provision for impairment of inventories are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**19,823**	2,187
Provision, net (note 7)	**15,472**	17,636
Written-off	**(25,977)**	–
Exchange realignment	**38**	–
At end of year	**9,356**	19,823

22. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**211,328**	302,277
Impairment	**(12,761)**	(11,670)
	198,567	290,607

The Group's trading terms with its customers are mainly on credit. The credit period is generally six months to one year. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. 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.

22. TRADE RECEIVABLES (Continued)

An ageing analysis of the trade receivables of the Group as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	RMB'000
Within 6 months	**144,726**	201,096
7 to 12 months	**28,956**	61,509
1 to 2 years	**20,522**	24,839
Over 2 years	**4,363**	3,163
	198,567	290,607

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	RMB'000
At beginning of year	**11,670**	13,098
Impairment losses (reversal of impairment losses), net (note 7)	**1,091**	(1,428)
	12,761	11,670

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing 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. The expected credit loss rate was reviewed, and adjusted if appropriate, as at the end of the reporting period. The provision matrix is initially based on the historical observed default rates from listed companies in the same sector. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information.

22. TRADE RECEIVABLES (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Less than 1 year	1 to 2 years	2 to 3 years	Total
As at 31 December 2024				
Expected credit loss rate	**1.87%**	**22.42%**	**44.61%**	**6.04%**
Gross carrying amount (RMB'000)	**177,000**	**26,451**	**7,877**	**211,328**
Expected credit losses (RMB'000)	**3,318**	**5,929**	**3,514**	**12,761**
As at 31 December 2023				
Expected credit loss rate	1.41%	16.74%	48.11%	3.86%
Gross carrying amount (RMB'000)	266,348	29,833	6,096	302,277
Expected credit losses (RMB'000)	3,743	4,994	2,933	11,670

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Non-current:		
Prepayments for purchase of items of other intangible assets	**3,729**	131
Long-term deposits	**1,241**	2,192
Prepayments for purchase of items of property, plant and equipment	**1,789**	6,824
	6,759	9,147
Current:		
Other receivables	**60,084**	44,759
Prepayments	**15,542**	46,516
Value-added tax recoverable	**31,059**	28,972
Prepaid rental expenses	**–**	279
	106,685	120,526
Impairment of other receivables	**(36,103)**	(15,460)
	70,582	105,066

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. For rental deposits included in other receivables, the balances were settled within 12 months and had no historical default. Except for the above balances, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data in calculating the expected credit loss rate.

23. 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	**15,460**	15,944
Impairment losses/(reversal of impairment losses), net (note 7)	**20,350**	(782)
Exchange realignment	**293**	298
At end of year	**36,103**	15,460

24. LOANS TO FORMER DIRECTORS AND A FORMER DIRECTOR'S CONTROLLED ENTITY

Loans to former directors and a former director's controlled entity, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	At 31 December 2024 RMB'000	Maximum amount outstanding during the year RMB'000	At 31 December 2023 and 1 January 2024 RMB'000	Maximum amount outstanding during the prior year RMB'000	At 1 January 2023 RMB'000
Mr. Zhenjun Zi	23,767	23,767	97,480	455,490	28,293
Mr. Min Frank Zeng	–	–	8,687	23,140	6,107
Xin Nuo Tong Investment Limited ("Xin Nuo Tong")	84,800	84,800	–	–	–
	108,567		106,167		34,400

Pursuant to the repayment agreement entered into amongst the Group, Mr. Zi, Xin Nuo Tong (a company wholly owned by Mr. Zi), Tianjin Qizhang Economic Information Consulting Partnership (Limited Partnership) ("Tianjin Qizhang") (天津啟彰經濟信息諮詢合夥企業(有限合夥)) and Mr. Haiyue Ma ("Mr. Ma"), the debt obligation shall be repaid jointly and severally by Xin Nuo Tong, Tianjin Qizhang and Mr. Ma.

24. LOANS TO FORMER DIRECTORS AND A FORMER DIRECTOR'S CONTROLLED ENTITY (Continued)

During the year ended 31 December 2023, pursuant to the repayment agreement entered into amongst the Company, its subsidiaries, and Mr. Zi, Mr. Zi agreed to take full responsibility for and voluntarily repay the outstanding amount due from Jiangsu Wuzhong, including the relevant interest receivables, for and on behalf of Jiangsu Wuzhong. (i) The loan to Jiangsu Wuzhong amounting to RMB80,000,000, bearing interest at 3% per annum; (ii) interest receivables arising from the loans to former directors; and (iii) exchange differences arising from certain foreign currency loans, all of which will be repaid by Mr. Zi. The loans to former directors are unsecured and repayable on demand.

During the year ended 31 December 2024, pursuant to the repayment agreement entered into amongst the Group, Mr. Zi, Xin Nuo Tong, Tianjin Qizhang and Mr. Ma the debt obligation regarding the loan to Jiangsu Wuzhong, amounting to RMB80,000,000 and bearing interest at 3% per annum, shall be repaid jointly and severally by Xin Nuo Tong, Tianjin Qizhang and Mr. Ma. As security for the loan, Mr. Zi and Xin Nuo Tong agreed to pledge certain equity interests in external investments held by Xin Nuo Tong. As at 31 December 2024, interest receivables arising from the loan to a former director and exchange differences arising from certain foreign currency loans amounting to RMB23,767,000 were repayable on demand.

As at 31 December 2024, the loan to a former director's controlled entity amounted to RMB84,800,000 bears interest at 3% per annum, is secured by certain equity interests in external investments held by Xin Nuo Tong and further guaranteed by Tianjin Qizhang and Mr. Ma and repayable on demand.

Based on the valuation of certain equity interests in external investments held by Xin Nuo Tong performed by an independent qualified valuer, Hangzhou PG Advisory Co., Ltd, the Group considers that the fair value of the collateral exceeds the carrying amount of the loan to the former director's controlled entity. Management has assessed the credit risk and determined that no impairment is required.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Unlisted debt/equity investments, at fair value		
Valgen Holding Corporation	**102,111**	118,656
Pi-Cardia Ltd.	**108,538**	95,213
Unicorn Holding Partners LP	**94,700**	89,582
Opus (note)	**–**	73,242
Hangzhou Yingzhiqin No.1 Equity Investment Partnership Enterprise (Limited Partnership)	**36,092**	37,500
Healium Medical Ltd	**10,617**	12,508
Atom Semiconductor Ltd.	**403**	1,679
	352,461	428,380

The above unlisted debt/equity investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

Note: As disclosed in note 20, the Group invested in Opus's convertible bonds of US$4.0 million in April 2020, and further invested in its convertible bonds of US$5.0 million in March 2021. The above unlisted debt investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

Based on the reason disclosed in note 20, for the year ended 31 December 2024, the Group recognized a full impairment loss on financial assets related to Opus, with RMB73.6 million included in profit or loss.

26. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**277,531**	632,652
Time deposits	**49,172**	360,633
	326,703	993,285
Less: Pledged for rent deposits	**(15,605)**	(3,412)
Less: Pledged for loans to a related party (note)	**–**	(203,027)
Less: Pledged for others	**(5,396)**	(5,210)
Less: Time deposit over 3 months	**(7,666)**	(7,240)
Cash and cash equivalents	**298,036**	774,396
Denominated in:		
RMB	**199,222**	485,540
HK$	**13,254**	35,065
US$	**76,395**	408,264
New Israel Shekel ("NIS")	**28,986**	58,011
EUR	**8,846**	6,405
Total cash and bank balances and pledged deposits	**326,703**	993,285

Note: The amount at 31 December 2023 mainly represented (i) the deposits of RMB200,000,000 previously pledged to certain banks during the year to secure loans to a related party and (ii) certain deposit interest income related to such deposits. During the year ended 31 December 2024, the pledged deposits of RMB200,000,000 had been released by the relevant bank.

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. Time deposits are made for periods of between seven days and three months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

27. 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 3 months	**27,496**	33,420
3 to 6 months	**1,573**	32
6 to 12 months	**725**	1
Over 12 months	**435**	402
	30,229	33,855

Trade payables are non-interest-bearing and are normally settled on 30-day terms.

28. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Non-current:		
Contingent consideration payables	**363,942**	325,996
Payroll payable	**–**	12,312
	363,942	338,308
Current:		
Other payables	**219,736**	209,792
Payroll payable	**52,408**	35,122
	272,144	244,914
	636,086	583,222

Other payables are non-interest-bearing and repayable on demand.

28. OTHER PAYABLES AND ACCRUALS (Continued)

As part of the share purchase agreements, portions of the consideration for business combination were determined to be contingent. The movement of the fair value of contingent consideration payables is as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	**325,996**	481,338
Fair value changes #* (note 7)	**32,774**	(160,586)
Exchange realignment	**5,172**	5,244
At 31 December	**363,942**	325,996
# Include gains or losses for liabilities held at the end of reporting period	**32,774**	16,454

* The amounts for the year ended 31 December 2023 mainly represent the fair value changes on the contingent consideration arising from the acquisition of Nuocheng in the prior year. As detailed in note 16, Nuocheng ceased its operation during the year ended 31 December 2023, in the opinion of the directors of the Company, the conditions for the contingent consideration are not able to fulfill. Accordingly, no further consideration has to be paid by the Group.

On 25 January 2022, the Group acquired a 94.38% equity interest in MTH. As part of the share purchase agreement, contingent consideration is payable, which is dependent on the occurrence of milestone events, including the achievement of any of the NMPA approval, the FDA approval or CE Marking and medical device registration of MTH Mitral Valve Product ("Milestone 1"), the achievement of any of the NMPA approval, the FDA approval or CE mark and CE MDR of MTH Tricuspid Valve Product ("Milestone 2") and the achievement of certain successful implantation and survival of patients in mainland China using the two product mentioned above ("Milestone 3").

28. OTHER PAYABLES AND ACCRUALS (Continued)

The fair values of the contingent consideration payables were determined using the discounted cash flow method and are within Level 3 fair value measurement. Significant unobservable valuation inputs for the fair value measurement of the contingent considerations are as follows:

	2024	2023
Discount rate	**21.00%**	20.00%
Discount for own non-performance risk	**20.00%-25.00%**	15.00%-20.00%

29. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	Maturity	2024 RMB'000	2023 RMB'000
Current				
Floating interest rate:				
Bank loans – unsecured	1-year LPR plus 0.25%	2025	**17,518**	–
Bank loan – secured				
Current portion of long-term bank loan (note (a))	LIBOR* plus 1.65%	2024	**–**	320,144
Bank loans – unsecured	1-year LPR plus 0.40%	2024	**–**	100,113
Bank loans – unsecured	1-year LPR plus 0.20%	2024	**–**	29,721
Fixed interest rate:				
Bank loans – unsecured	3.30%	2024	**–**	7,000
			17,518	456,978
Non-current				
Floating interest rate:				
Bank loans – secured (note (b))	5-year LPR minus 0.10%	2026-2036	**180,909**	170,720
Bank loans – secured (note (c))	5-year LPR minus 0.15%	2026-2037	**84,546**	78,209
			265,455	248,929
			282,973	705,907

29. INTEREST-BEARING BANK BORROWINGS (Continued)

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**17,518**	456,978
In the second year	**13,965**	–
In the third to fifth years, inclusive	**56,236**	46,205
Over five years	**195,254**	202,724
	282,973	705,907

* London Interbank Offered Rate ("LIBOR")

Notes:

(a) The bank loan is secured by:

(i) credit guarantee from the Company; and

(ii) mortgages over the Group's equity interests in certain of its subsidiaries, namely Venus HK, Athena Medtech Holding Ltd. and MTH.

(b) The bank loan of RMB180,909,000 (2023: RMB170,720,000) is secured by mortgage over the Group's leasehold land, which had a net carrying value at the end of the reporting period of RMB28,575,000 (2023: RMB29,184,000).

(c) The bank loan of RMB84,546,000 (2023: RMB78,209,000) is secured by mortgage over the Group's leasehold land, which had a net carrying value at the end of the reporting period of RMB12,066,000 (2023: RMB12,323,000).

30. GOVERNMENT GRANTS

	2024 RMB'000	2023 RMB'000
Government grants		
Current	**2,560**	700
Non-current	**–**	1,630
	2,560	2,330

The movements in government grants during the year are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**2,330**	1,970
Grants received	**1,310**	1,310
Recognised as income	**(1,080)**	(950)
At end of year	**2,560**	2,330
Analysed into:		
Current portion	**2,560**	700
Non-current portion	**–**	1,630
	2,560	2,330

The grants are related to the subsidies received from the local government for the purpose of compensation for expenses arising from research activities and clinical trials, and awards for new valve product development and capital expenditure incurred on certain projects.

31. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Short-term advances received from customers			
Sale of products	**649**	28,842	2,952

Contract liabilities represented the obligations to transfer goods to customers for which the Group has received consideration. Revenue of RMB2,574,000 (2023: RMB2,886,000) was recognised related to contract liabilities which were carried forward.

32. DEFERRED TAX LIABILITIES

The following are the major deferred tax movements thereon during the year:

2024

Deferred tax liabilities

	Fair value adjustments of equity investments at fair value through other comprehensive income RMB'000	Fair value adjustments of financial assets at fair value through profit or loss RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2024	347	3,803	17,429	20,762	42,341
Deferred tax credited to profit or loss during the year (note 11)	–	(3,803)	(17,424)	(4,782)	(26,009)
Deferred tax credited to other comprehensive income during the year	(352)	–	–	–	(352)
Exchange realignment	5	–	(5)	–	–
Gross deferred tax liabilities at 31 December 2024	–	–	–	15,980	15,980

32. DEFERRED TAX LIABILITIES (Continued)

2024

Deferred tax assets

	Unrealised profits from inter-company transactions RMB'000	Lease liabilities RMB'000	Tax loss RMB'000	Total RMB'000
At 1 January 2024	2,053	20,710	19,462	42,225
Deferred tax (charged)/credited to profit or loss during the year (note 11)	(674)	(4,705)	3,658	(1,721)
Exchange realignment	–	–	(53)	(53)
Gross deferred tax assets at 31 December 2024	1,379	16,005	23,067	40,451

32. DEFERRED TAX LIABILITIES (Continued)

2023

Deferred tax liabilities

	Fair value adjustments of equity investments at fair value through other comprehensive income RMB'000	Fair value adjustments of financial assets at fair value through profit or loss RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2023	300	–	8,911	9,399	18,610
Deferred tax charged to profit or loss during the year (note 11)	–	3,803	8,518	11,363	23,684
Deferred tax charged to other comprehensive income during the year	42	–	–	–	42
Exchange realignment	5	–	–	–	5
Gross deferred tax liabilities at 31 December 2023	347	3,803	17,429	20,762	42,341

32. DEFERRED TAX LIABILITIES (Continued)

2023

Deferred tax assets

	Unrealised profits from inter-company transactions RMB'000	Lease liabilities RMB'000	Tax loss RMB'000	Total RMB'000
At 1 January 2023	1,618	9,522	–	11,140
Deferred tax credited to profit or loss during the year (note 11)	435	11,188	18,938	30,561
Exchange realignment	–	–	524	524
Gross deferred tax assets at 31 December 2023	2,053	20,710	19,462	42,225

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

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**24,471**	17,660
Net deferred tax liabilities recognised in the consolidated statement of financial position	**–**	(17,776)
Net deferred tax assets/(liabilities)	**24,471**	(116)

33. SHARE CAPITAL

	Number of shares	RMB'000
Issued and fully paid:		
Ordinary shares of RMB1.00 each		
At 1 January 2023, 1 January 2024 and 31 December 2024	441,011,443	441,012

As at 31 December 2024, the Company had outstanding treasury shares of 3,114,000 (2023: 3,114,000) shares.

34. 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 of the Group.

(a) Share premium

The share premium of the Group represents the share premium contributed by the shareholders of the Company after its conversion into a joint stock company in November 2018.

(b) Other reserve

Other reserve of the Group represent the share premium contributed by the shareholders of the Company before its conversion into a joint stock company in November 2018, and also the share-based compensation reserve due to equity-settled share awards.

(c) Fair value reserves

The fair value reserve represents the fair value of equity investments at fair value through other comprehensive income.

(d) Exchange fluctuation reserves

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

35. SHARE AWARD

The Company granted share award to certain personnel in order to recognise and reward the contribution of certain specialists to the growth and development of the Group, and to retain certain eligible employees for the continual operation and development of the Group through an award of the Company's shares in prior years. During the year, the Company did not grant any new share award.

During the year, no share award expense (2023: Nil) was charged to profit or loss.

36. DECONSOLIDATION OF SUBSIDIARIES

Prior to 31 August 2024, the Group owned 15% of the shares of Haoyue. JVH is a 100% subsidiary of Haoyue. In accordance with the investment agreement signed between the Group and other shareholders of Haoyue, the Group held 60% of voting rights of Haoyue though it held only 15% of equity shares. Therefore, the directors of the Company believe that the Group obtained control of the operating and financial activities of Haoyue Group, indirectly, based on the contractual arrangement and could consolidated Haoyue Group's financial statements from the date the Group obtained control.

However, on 31 August 2024, the Group determined that it no longer had control over Haoyue Group, because the third-party shareholders holding a total of 45% equity interest of Haoyue no longer delegated the voting rights to the Company, and the board of directors of Haoyue no longer included representatives from the Company. As a result, Haoyue Group was deconsolidated from the Group's consolidated financial statements and accounted for financial assets at fair value through profit or loss.

36. DECONSOLIDATION OF SUBSIDIARIES (Continued)

Net liabilities at the date of deconsolidation were as follows:

	2024 RMB'000
Property, plant and equipment	11,888
Right-of-use assets	8,077
Other intangible assets	9,470
Prepayments, other receivables and other assets	1,573
Cash and bank balances	483
Trade payables	(8,474)
Other payables, accruals and deposit received	(18,599)
Lease liabilities	(8,959)
Net liabilities disposed of	(4,541)
Release of foreign currency translation reserve	(2,940)
Non-controlling interests	3,860
Fair value of the Group's interest in Haoyue Group accounted for financial assets at fair value through profit or loss	–
Gain on deconsolidation of subsidiaries	3,621
Total consideration – satisfied by cash	–
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	(483)
	(483)

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB9,048,000 (2023: RMB53,246,000) and RMB9,048,000 (2023: RMB53,246,000), respectively, in respect of lease arrangements for office premises (2023: office premises).

(b) Changes in liabilities arising from financing activities

2024

	Lease liabilities RMB'000	Interest-bearing bank borrowings RMB'000	Total RMB'000
At 1 January 2024	120,279	705,907	826,186
Changes from financing cash flows			
– Proceeds from bank borrowings	–	104,028	104,028
– Repayment of bank loans	–	(527,166)	(527,166)
– Interest paid	–	(21,600)	(21,600)
– Principal portion of lease payments	(36,090)	–	(36,090)
– Interest portion of lease payments	(7,012)	–	(7,012)
Interest on bank loans	–	20,472	20,472
Interest on lease liabilities	7,012	–	7,012
New leases	9,048	–	9,048
Deconsolidation of subsidiaries	(8,959)	–	(8,959)
Foreign exchange movement	3,260	1,332	4,592
Reductions as a result of termination of leases	(1,422)	–	(1,422)
At 31 December 2024	86,116	282,973	369,089

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities (Continued)

2023

	Lease liabilities RMB'000	Interest-bearing bank borrowings RMB'000	Total RMB'000
At 1 January 2023	103,661	795,982	899,643
Changes from financing cash flows			
– Proceeds from bank borrowings	–	413,476	413,476
– Repayment of bank loans	–	(513,578)	(513,578)
– Interest paid	–	(52,037)	(52,037)
– Principal portion of lease payments	(30,233)	–	(30,233)
– Interest portion of lease payments	(9,654)	–	(9,654)
Interest on bank loans	–	53,062	53,062
Interest on lease liabilities	9,654	–	9,654
New leases	53,246	–	53,246
Foreign exchange movement	6,483	9,002	15,485
Reductions as a result of termination of leases	(12,878)	–	(12,878)
At 31 December 2023	120,279	705,907	826,186

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	**1,190**	2,432
Within financing activities	**43,102**	39,887
	44,292	42,319

38. 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:		
Purchases of items of property, plant and equipment	**2,015**	3,484
Purchases of other intangible assets	**8**	225
	2,023	3,709

39. RELATED PARTY TRANSACTIONS

Name	Relationship with the Company
Mr. Zhenjun Zi	Shareholder and former director
Mr. Min Frank Zeng	Shareholder and former director
Xin Nuo Tong	A former director's controlled entity

(a) In addition to the transactions detailed in notes 9, 24 and 26 to the consolidated financial statements, the Group had the following transactions with related parties during the year.

	2024 RMB'000	2023 RMB'000
Advances of loans to:		
Mr. Zhenjun Zi	–	432,000
Mr. Min Frank Zeng	–	21,100
	–	453,100
Repayment of loans to:		
Mr. Zhenjun Zi	–	353,250
Mr. Min Frank Zeng	–	17,707
	–	370,957
Interest from loans to:		
Mr. Zhenjun Zi	–	8,356
Mr. Min Frank Zeng	–	4,811
Xin Nuo Tong	2,400	–
	2,400	13,167

39. RELATED PARTY TRANSACTIONS (Continued)

During the year ended 31 December 2023, the Group had made advances of loans to the Company's former directors and shareholders, Mr. Zhenjun Zi and Mr. Min Frank Zeng, in the total principal amounts of RMB432,000,000 and RMB21,100,000, respectively, which should have been approved by the board or independent shareholders in advance, if applicable. The loans bore interest at 3% per annum and were unsecured and repayable on demand.

(b) The Group had following outstanding balances with related parties:

	2024 RMB'000	2023 RMB'000
Loans to former directors and a former director's controlled entity:		
Mr. Zhenjun Zi	**23,767**	97,480
Mr. Min Frank Zeng	**–**	8,687
Xin Nuo Tong	**84,800**	–
	108,567	106,167

The balances with directors are non-trade in nature, unsecured and repayable on demand. Further details are included in note 39(a) to the consolidated financial statements.

(c) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Salaries, bonuses, allowances and benefits in kind	**14,367**	9,392
Pension scheme contributions	**473**	230
Total compensation paid to key management personnel	**14,840**	9,622

Further details of directors', supervisors' and the chief executive's emoluments are included in note 9 to the consolidated financial statements.

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss: Mandatorily classified as such RMB'000	Financial assets at fair value through other comprehensive income: Equity instruments RMB'000	Total RMB'000
2024				
Loans to former directors and a former director's controlled entity	108,567	–	–	108,567
Financial assets at fair value through profit or loss	–	352,461	–	352,461
Trade receivables	198,567	–	–	198,567
Financial assets included in prepayments, other receivables and other assets	25,222	–	–	25,222
Pledged deposits	21,001	–	–	21,001
Short-term bank deposit	7,666	–	–	7,666
Cash and cash equivalents	298,036	–	–	298,036
	659,059	352,461	–	1,011,520

40. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial assets (Continued)

		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	
	Financial assets at amortised cost RMB'000	Mandatorily classified as such RMB'000	Equity instruments RMB'000	Total RMB'000
2023				
Equity investments designated at fair value through comprehensive income	–	–	16,269	16,269
Loans to former directors	106,167	–	–	106,167
Financial assets at fair value through profit or loss	–	428,380	–	428,380
Trade receivables	290,607	–	–	290,607
Financial assets included in prepayments, other receivables and other assets	31,491	–	–	31,491
Pledged deposits	211,649	–	–	211,649
Short-term bank deposit	7,240	–	–	7,240
Cash and cash equivalents	774,396	–	–	774,396
	1,421,550	428,380	16,269	1,866,199

40. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
2024			
Trade payables	**–**	**30,229**	**30,229**
Financial liabilities included in other payables and accruals	**–**	**219,736**	**219,736**
Interest-bearing bank borrowings	**–**	**282,973**	**282,973**
Contingent consideration payables	**363,942**	**–**	**363,942**
	363,942	**532,938**	**896,880**
2023			
Trade payables	–	33,855	33,855
Financial liabilities included in other payables and accruals	–	209,792	209,792
Interest-bearing bank borrowings	–	705,907	705,907
Contingent consideration payables	325,996	–	325,996
	325,996	949,554	1,275,550

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values. Management has assessed that the fair values of cash and cash equivalents, pledged deposits, current portion of financial assets included in prepayments, other receivables and other assets, loan from former directors, trade receivables, current portion of interest-bearing bank borrowings, trade payables and current portion of financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial department reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance controller. The valuation process and results are discussed with the directors twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets, non-current portion of interest-bearing bank borrowings and non-current portion of financial liabilities included in other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all required significant inputs to fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group has also invested in unlisted debt investments which fair value is determined on a recent transaction valuation. The Group classifies the fair value of these investments as Level 2.

For Level 3 financial assets, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the scenario analysis for unlisted debt investments, the probability-weighted expected return method for unlisted debt investments, and market method for an unlisted debt investment and an unlisted equity investment. The fair value measurement of these financial instruments may involve unobservable inputs such as the risk-free rate, discount rate, equity volatility, discount for lack of marketability ("DLOM"), Probability of IPO and P/R&D. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial assets in Level 3.

The fair values of the contingent consideration payables were determined using the discounted cash flow method and are within Level 3 fair value measurement.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

2024

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Scenario analysis	Risk-free rate	4.20%-4.21%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/ increase in fair value by RMB(403,000)/ RMB417,000
		Discount rate	11.44%-11.59%	5% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by RMB(3,256,000)/ RMB3,601,000

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Market method	Risk-free rate	4.38%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/increase in fair value by RMB(70)/RMB60
		Equity volatility	41.53%	10% increase/(decrease) in the equity volatility would result in a (decrease)/increase in fair value by RMB(3,000)/RMB390
		DLOM	19.53%	1% increase/(decrease) in the DLOM would result in a (decrease)/increase in fair value by RMB(5,000)/RMB5,000
		Probability of IPO	20.00%	5% increase/(decrease) in the probability of IPO would result in a (decrease)/increase in fair value by RMB(20,000)/RMB20,000

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Market method	Risk-free rate	4.38%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/increase in fair value by RMB(173,000)/RMB237,000
		Equity volatility	69.58%	10% increase/(decrease) in the equity volatility would result in a (decrease)/increase in fair value by RMB(489,000)/RMB489,000
		DLOM	22.02%	1% increase/(decrease) in the DLOM would result in a (decrease)/increase in fair value by RMB(137,000)/RMB137,000
		Probability of IPO	20.00%	5% increase/(decrease) in the probability of IPO would result in a (decrease)/increase in fair value by RMB(244,000)/RMB237,000

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Discounted cash flow method	Risk-free rate	4.22%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/increase in fair value by RMB(1,078,000)/ RMB1,323,000
		Equity volatility	39.97%	10% increase/(decrease) in the equity volatility would result in a (decrease)/increase in fair value by RMB(4,205,000)/ RMB3,494,000
		DLOM	4.83%	1% increase/(decrease) in the DLOM would result in a (decrease)/ increase in fair value by RMB(1,050,000)/ RMB1,050,000
		Probability of IPO	30.00%	5% increase/(decrease) in the probability of IPO would result in a (decrease)/ increase in fair value by RMB(5,168,000)/ RMB5,168,000

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Contingent consideration payables	Discounted cash flow method	Discount rate	21.00%	1% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by RMB(8,231,000)/ RMB8,511,000
		Discount for own non-performance risk for Milestone 1	20.00%	5% increase/(decrease) in discount risk would result in a (decrease)/ increase in fair value by RMB(3,745,000)/ RMB3,745,000
		Discount for own non-performance risk for Milestone 2	25.00%	5% increase/(decrease) in discount risk would result in a (decrease)/ increase in fair value by RMB(7,994,000)/ RMB7,994,000
		Discount for own non-performance risk for Milestone 3	25.00%	5% increase/(decrease) in discount risk would result in a (decrease)/ increase in fair value by RMB(12,278,000)/ RMB12,271,000

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

2023

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Scenario analysis	Risk-free rate	4.79%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/ increase in fair value by RMB(227,000)/ RMB227,000
		Discount rate	16.94%	5% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by RMB(2,026,000)/ RMB2,201,000
Financial assets at fair value through profit or loss	Scenario analysis	Risk-free rate	4.14%-4.40%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/ increase in fair value by RMB(843,000)/ RMB864,000
		Discount rate	15.13%-15.45%	5% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by RMB(4,497,000)/ RMB5,156,000

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Market method	Risk-free rate	3.84%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/ increase in fair value by RMB(7,000)/ RMB7,000
		Equity volatility	36.74%	10% increase/(decrease) in the equity volatility would result in a increase/ (decrease) in fair value by RMB71,000/ RMB(21,000)
		DLOM	16.74%	1% increase/(decrease) in the DLOM would result in a (decrease)/ increase in fair value by RMB(21,000)/ RMB21,000
		Probability of IPO	20.00%	5% increase/(decrease) in the probability of IPO would result in a (decrease)/ increase in fair value by RMB(85,000)/ RMB78,000

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Market method	Risk-free rate	3.84%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/ increase in fair value by RMB(418,000)/ RMB453,000
		Equity volatility	28.90%	10% increase/(decrease) in the equity volatility would result in a increase/(decrease) in fair value by RMB220,000/ RMB(397,000)
		DLOM	6.46%	1% increase/(decrease) in the DLOM would result in a (decrease)/ increase in fair value by RMB(135,000)/ RMB135,000
		Probability of IPO	20.00%	5% increase/(decrease) in the probability of IPO would result in a (decrease)/ increase in fair value by RMB(276,000)/ RMB276,000

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Financial assets at fair value through other comprehensive income	Market method	DLOM	26.00%	1% increase/(decrease) in the DLOM would result in a (decrease)/ increase in fair value by RMB(220,000)/ RMB220,000
		P/R&D	3.95	10% increase/(decrease) in the P/R&D would result in a increase/ (decrease) in fair value by RMB1,317,000/ RMB(1,317,000)
Financial assets at fair value through profit or loss	Probability weighted expected return method	Risk-free rate	4.09%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/ increase in fair value by RMB(2,521,000)/ RMB2,131,000
		Equity volatility	32.54%	10% increase/(decrease) in the equity volatility would result in a increase/(decrease) in fair value by RMB2,061,000/ RMB(1,863,000)

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
		DLOM	4.96%	1% increase/(decrease) in the DLOM would result in a (decrease)/increase in fair value by RMB(1,232,000)/RMB1,239,000
		Probability of IPO	30.00%	5% increase/(decrease) in the probability of IPO would result in a (decrease)/increase in fair value by RMB(3,053,000)/RMB3,060,000
Contingent consideration payables	Discounted cash flow method	Discount rate	20.00%	1% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by RMB(10,086,000)/RMB10,518,000
		Discount for own non-performance risk for Milestone 1	15.00%	5% increase/(decrease) in discount risk would result in a (decrease)/increase in fair value by RMB(3,138,000)/RMB3,131,000

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
		Discount for own non-performance risk for Milestone 2	20.00%	5% increase/(decrease) in discount risk would result in a (decrease)/ increase in fair value by RMB(6,799,000)/ RMB6,799,000
		Discount for own non-performance risk for Milestone 3	20.00%	5% increase/(decrease) in discount risk would result in a (decrease)/ increase in fair value by RMB(10,249,000)/ RMB10,242,000

The DLOM represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted price in active market (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2024				
Financial assets at fair value through profit or loss				
– Unlisted debt/equity investments	**–**	**130,792**	**221,669**	**352,461**
As at 31 December 2023				
Equity investments designated at fair value through other comprehensive income	–	–	16,269	16,269
Financial assets at fair value through profit or loss				
– Unlisted debt/equity investments	–	127,082	301,298	428,380
	–	127,082	317,567	444,649

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets at fair value through profit or loss		
As at 1 January	**301,298**	275,060
Exchange realignment	**1,782**	2,044
Total (losses)/gains recognised in profit or loss included in other expense#	**(81,411)**	24,194
As at 31 December	**221,669**	301,298
# Include gains or losses for assets held at the end of reporting period	**(81,411)**	24,194
Equity investments designated at fair value through other comprehensive income		
As at 1 January	**16,269**	15,747
Exchange realignment	**90**	268
Total (loss)/gain recognised in other comprehensive loss	**(16,359)**	254
As at 31 December	**–**	16,269

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2024				
Contingent consideration payables	**–**	**–**	**363,942**	**363,942**
As at 31 December 2023				
Contingent consideration payables	–	–	325,996	325,996

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 for both financial assets and financial liabilities (2023: Nil).

During the year, there were no transfers into or out of Level 3 for financial assets (2023: Nil) and there were no transfers into or out of Level 3 for financial liabilities (2023: Nil).

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, trade and other payables and bank borrowings, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, 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.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with a floating interest rate.

The Group's policy is to manage its interest cost using variable rate debts.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax RMB'000	(Decrease)/ increase in equity RMB'000
2024			
US$	**50**	**–**	**–**
US$	**(50)**	**–**	**–**
RMB	**50**	**1,313**	**(1,313)**
RMB	**(50)**	**(1,313)**	**1,313**
2023			
US$	50	1,601	(1,601)
US$	(50)	(1,601)	1,601
RMB	50	1,894	(1,894)
RMB	(50)	(1,894)	1,894

Foreign currency risk

The Group has transactional currency exposures. Such exposures mainly arise from investing and financing activities of the Company and purchasing activities of operating entities in currencies other than the entities' functional currencies. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax and the Group's equity. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates.

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in loss before tax RMB'000	Decrease/ (increase) in equity RMB'000
2024			
If the RMB weakens against the US$	**5**	**(7,836)**	**(6,660)**
If the RMB strengthens against the US$	**(5)**	**7,836**	**6,660**
If the RMB weakens against the HK$	**5**	**(675)**	**(564)**
If the RMB strengthens against the HK$	**(5)**	**675**	**564**
If the RMB weakens against the EUR	**5**	**77**	**65**
If the RMB strengthens against the EUR	**(5)**	**(77)**	**(65)**
If the RMB weakens against the NIS	**5**	**(1,449)**	**(1,116)**
If the RMB strengthens against the NIS	**(5)**	**1,449**	**1,116**
2023			
If the RMB weakens against the US$	5	(10,821)	(9,190)
If the RMB strengthens against the US$	(5)	10,821	9,190
If the RMB weakens against the HK$	5	1,844	1,535
If the RMB strengthens against the HK$	(5)	(1,844)	(1,535)
If the RMB weakens against the EUR	5	2,175	1,849
If the RMB strengthens against the EUR	(5)	(2,175)	(1,849)
If the RMB weakens against the NIS	5	2,870	2,267
If the RMB strengthens against the NIS	(5)	(2,870)	(2,267)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group trades mainly 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.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
As at 31 December 2024					
Loans to former directors and a former director's controlled entity	108,567	–	–	–	108,567
Trade receivables*	–	–	–	211,328	211,328
Financial assets included in prepayments, other receivables and other assets					
– Normal**	25,668	–	–	–	25,668
– Doubtful**	–	–	35,657	–	35,657
Pledged deposits					
– Not yet past due	21,001	–	–	–	21,001
Short-term bank deposit					
– Not yet past due	7,666	–	–	–	7,666
Cash and cash equivalents					
– Not yet past due	298,036	–	–	–	298,036
	460,938	–	35,657	211,328	707,923

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Maximum exposure and year-end staging (Continued)

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
As at 31 December 2023					
Loans to former directors	106,167	–	–	–	106,167
Trade receivables*	–	–	–	302,277	302,277
Financial assets included in prepayments, other receivables and other assets					
– Normal**	31,873	–	–	–	31,873
– Doubtful**	–	–	15,078	–	15,078
Pledged deposits					
– Not yet past due	211,649	–	–	–	211,649
Short-term bank deposit					
– Not yet past due	7,240	–	–	–	7,240
Cash and cash equivalents					
– Not yet past due	774,396	–	–	–	774,396
	1,131,325	–	15,078	302,277	1,448,680

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the consolidated financial statements.

** 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".

Since the Group trades mainly with recognised and creditworthy third parties, there is no requirement for collateral.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and other receivables are disclosed in notes 22 and 23 to the consolidated financial statements.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2024						
Trade payables	2,733	27,496	–	–	–	30,229
Financial liabilities included in other payables and accruals	219,736	–	–	–	–	219,736
Lease liabilities	–	15,448	28,275	43,342	–	87,065
Contingent consideration payables	–	–	–	833,854	–	833,854
Interest-bearing bank borrowings	–	20,433	8,543	110,847	228,869	368,692
	222,469	63,377	36,818	988,043	228,869	1,539,576

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2023						
Trade payables	435	33,420	–	–	–	33,855
Financial liabilities included in other payables and accruals	209,792	–	–	–	–	209,792
Lease liabilities	–	17,513	23,134	94,526	2,746	137,919
Contingent consideration payables	–	–	–	467,458	354,135	821,593
Interest-bearing bank borrowings	–	36,957	460,564	88,824	249,068	835,413
	210,227	87,890	483,698	650,808	605,949	2,038,572

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, which includes equity attributable to owners of the parent, 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 31 December 2024 and 2023.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

	2024 RMB'000	2023 RMB'000
Interest-bearing bank borrowings	**282,973**	705,907
Lease liabilities	**86,116**	120,279
Total debt	**369,089**	826,186
Total equity	**2,211,099**	2,919,346
Gearing ratio	**17%**	28%

43. 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	**390,619**	501,280
Right-of-use assets	**59,568**	67,648
Other intangible assets	**43,955**	48,025
Investments in subsidiaries	**1,914,345**	1,202,755
Financial assets at fair value through profit or loss	**108,538**	168,455
Prepayments, other receivables and other assets	**3,160**	9,147
Total non-current assets	**2,520,185**	1,997,310
CURRENT ASSETS		
Inventories	**94,477**	106,103
Trade receivables	**185,167**	327,867
Prepayments, other receivables and other assets	**55,114**	58,645
Loans to former directors	**23,767**	23,767
Due from subsidiaries	**302,531**	1,426,503
Pledged deposits	**5,395**	5,210
Cash and cash equivalents	**203,147**	307,291
Total current assets	**869,598**	2,255,386

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	2024 RMB'000	2023 RMB'000
CURRENT LIABILITIES		
Trade payables	**22,214**	39,308
Lease liabilities	**12,334**	11,455
Other payables and accruals	**199,417**	164,425
Interest-bearing bank borrowings	**17,518**	136,833
Government grants, current	**2,560**	700
Contract liabilities	**649**	28,842
Tax payable	**–**	1,140
Due to immediate holding company	**7,523**	–
Due to subsidiaries	**683,292**	1,062,299
Total current liabilities	**945,507**	1,445,002
NET CURRENT (LIABILITIES)/ASSETS	**(75,909)**	810,384
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,444,276**	2,807,694
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**265,455**	248,929
Lease liabilities	**6,758**	14,343
Government grants	**–**	1,630
Total non-current liabilities	**272,213**	264,902
Net assets	**2,172,063**	2,542,792
EQUITY		
Share capital	**441,012**	441,012
Reserves (note)	**1,731,051**	2,101,780
Total equity	**2,172,063**	2,542,792

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Treasury shares RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	(72,548)	5,112,276	268,195	(1,854,142)	3,453,781
Total comprehensive loss for the year	–	–	–	(1,352,001)	(1,352,001)
At 31 December 2023 and 1 January 2024	(72,548)	5,112,276	268,195	(3,206,143)	2,101,780
Total comprehensive loss for the year	–	–	–	(370,729)	(370,729)
At 31 December 2024	**(72,548)**	**5,112,276**	**268,195**	**(3,576,872)**	**1,731,051**

44. EVENT AFTER THE REPORTING PERIOD

Resumption of trading

Subsequent to the end of the reporting period, the Group resumed trading in the shares of the Company on the Stock Exchange with effect from 13 March 2025.

Issuance of convertible bonds

Reference is made to the Company's announcement on 20 March 2025, the Company entered into the subscription agreement with the subscriber, pursuant to which the subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the convertible bonds up to an aggregate principal amount not exceeding RMB200,000,000 at the initial conversion price of HK$4.50 per conversion share.

Definitions

"2022 AGM"	the 2022 annual general meeting of the Company held on May 30, 2022
"Articles of Association"	the articles of association of the Company
"AS"	Aortic Stenosis
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of the Company
"Cardiovalve"	Cardiovalve Ltd. (formerly known as Mitraltech Ltd.), a private company incorporated under the laws of Israel, which is a wholly-owned subsidiary of the Target Company
"CE MDR"	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
"CE MDR Marking"	a mark of CE MDR
"CEP"	cerebral embolic protection, the function of the devices designed to capture or deflect embolism traveling to the brain during TAVR procedures in order to protect the supra-aortic vessels from embolic debris
"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this annual report, Hong Kong, Macau Special Administrative Region and Taiwan
"Company", "our Company" or "Venus Medtech"	Venus Medtech (Hangzhou) Inc. (杭州啓明醫療器械股份有限公司), a limited liability company incorporated in the PRC on July 3, 2009 and converted into a joint stock limited liability company incorporated in the PRC on November 29, 2018, whose H Shares are listed on the Stock Exchange (Stock Code: 2500)

"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSRC"	the China Securities Regulatory Commission
"Directors"	the director(s) of the Company
"Disclosed Fund Flows"	the Mr. Zi Loans and the Mr. Zeng Loans and certain discloseable and connected transactions in relation to the provision of financial assistance contemplated thereunder as disclosed in the announcement of the Company dated May 8, 2023
"Domestic Share(s)"	the issued ordinary share(s) of the Company with a par value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Employee Incentive Scheme"	the employee incentive scheme of our Company approved and adopted by our Board on March 10, 2017, a summary of the principal terms of which is set forth in "Appendix VI – Statutory and General Information – Further information about our Directors, Supervisors, management and substantial shareholders – 5. Employee Incentive Scheme" of the Prospectus
"Employee Participant"	any PRC or non-PRC director (including executive, non-executive and independent non-executive director) and employee (whether full-time or part-time) of the Company or any of its subsidiaries, and any person who are granted options as an inducement to enter into employment contracts with the Company or any of its subsidiaries (including nominees and/or trustees of any employee benefit trust established for them)
"ESG Report"	environmental, social and governance report
"ESG Reporting Guide"	the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"EU"	the European Union
"FDA"	U.S. Food and Drug Administration

"Forensic Investigation"	has the meaning ascribed to it in the Forensic Investigation Announcement
"Forensic Investigation Announcement"	the announcement of the Company published on February 25, 2024 in relation to, among others, the key findings of the Forensic Investigation
"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"Group", "We" or "us"	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
"H Share(s)"	the overseas listed foreign shares with a nominal value of RMB1.0 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and subscribed for and traded in Hong Kong dollars
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hangzhou Kuntai"	Hangzhou Kuntai Biotechnology Co., Ltd., a company controlled by Mr. Zi and as referred to in the Forensic Investigation Announcement
"Healium"	Healium Medical Ltd, a high-tech company in Israeli
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IASB"	the International Accounting Standards Board
"IDE"	Investigational Device Exemption
"IFRS"	International Financial Reporting Standards

"Independent Third Party(ies)"	person(s) who, to the best knowledge of the Directors having made all reasonable enquiries, are not connected person(s) (as defined under the Listing Rules) of the Company
"Jiangsu Wuzhong"	Jiangsu Wuzhong Real Estate Group Co., Ltd., as further described in the Forensic Investigation Announcement
"Keystone"	Keystone Heart Ltd. (a wholly owned subsidiary of the Company which as of the date of this annual report, owns 799,433 Series C Preferred Shares of the Target Company) and its subsidiaries
"KOLs"	Acronym for Key Opinion Leaders who are doctors that influence their peers' medical practice, including but not limited to prescribing behavior
"KPIs"	key performance indicators
"Latest Practicable Date"	April 25, 2025, being the latest practicable date for ascertaining the contents set out in this annual report
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange on December 10, 2019
"Listing Date"	December 10, 2019, being the date on which the shares were listed on the Main Board
"Listing Rules"	the Rules governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Liwen RF"	Liwen RF ablation system, one of our product candidates
"LVOT"	left ventricular outflow tract. the anatomic structure through which the left ventricular stroke volume passes towards the aorta
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules

"Mr. Zi"	Mr. Zhenjun Zi (訾振軍), a former executive Director
"NL"	the Netherlands
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the Nomination Committee of the Board
"Nuocheng"	Hangzhou Nuocheng Medical Technology Co., Ltd. (杭州諾誠醫療科技有限公司), a wholly-owned subsidiary of the Company
"Offshore Employee Entities"	Blue Summit Management Limited, Mercury Holding Limited and Jupiter Holding Limited, which are limited liability companies incorporated in the Cayman Islands and the beneficial interests of which are offered to certain key employees of our Company pursuant to the Employee Incentive Scheme
"PI"	principle investigator
"PRC Employee Entities"	Hangzhou Qichu Investment Partnership (Limited Partnership) (杭州啓初投資合夥企業(有限合夥)), Hangzhou Mingnuo Investment Partnership (Limited Partnership) (杭州明諾投資合夥企業(有限合夥)), Hangzhou Qifei Investment Partnership (Limited Partnership) (杭州啓非投資合夥企業(有限合夥)), Hangzhou Qihe Investment Partnership (Limited Partnership) (杭州啓和投資合夥企業(有限合夥)), Hangzhou Qilai Investment Partnership (Limited Partnership) (杭州啓來投資合夥企業(有限合夥)), Hangzhou Qili Investment Partnership (Limited Partnership) (杭州啓立投資合夥企業(有限合夥)), Hangzhou Qinuo Investment Partnership (Limited Partnership) (杭州啓諾投資合夥企業(有限合夥)), Hangzhou Qisheng Investment Partnership (Limited Partnership) (杭州啓勝投資合夥企業(有限合夥)) and Hangzhou Qixin Investment Partnership (Limited Partnership) (杭州啓心投資合夥企業(有限合夥)), the beneficial interests of which are offered to certain key employees of the Company pursuant to the Employee Incentive Scheme

"Prospectus"	the prospectus published by the Company on November 28, 2019 in relation to its Hong Kong public offering
"R&D"	research and development
"RDN"	renal artery denervation
"Remuneration and Assessment Committee"	the Remuneration and Assessment Committee of the Board
"Reporting Period"	the one-year period from January 1, 2024 to December 31, 2024
"Resumption Guidance"	the guidance for the resumption of trading in the shares of the Company set forth by the Stock Exchange in its letters of December 20, 2023 and February 9, 2024, as disclosed in the announcements of the Company dated December 27, 2023 and February 16, 2024, respectively
"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of China
"RVOT"	right ventricular outflow tract, an infundibular extension of the ventricular cavity which connects to the pulmonary artery
"RVOTD"	the dysfunction of RVOT
"Scheme Limit"	the maximum limit on the number of H Shares which may be issued upon exercise of option(s) and vesting of award(s), if any, under the Share Option Scheme and all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules), which must not exceed 10% of the total number of issued H Shares as of the date of the Shareholders' approval of the Scheme Limit
"Series C Preferred Shares"	the Series C preferred shares of the Target Company

"Service Providers"	any advisor and consultant (natural person or corporate entity) who provide services to the Group on a continuing and recurring basis in the ordinary course of business of the Group that are in the interests of the long-term growth of the Group
"Service Provider Sublimit"	a sublimit under the Scheme Limit on the number of H Shares which may be issued to Service Providers upon exercise of option(s) and vesting of award(s), if any, under the Share Option Scheme and all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules), which must not exceed 1% of the total number of H Shares in issue as of the date of the Shareholders' approval of the Service Provider Sublimit
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)" or "share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.0 each
"Shareholder(s)"	holders of shares of the Company
"Share Option Scheme"	the H Share option scheme of the Company adopted on June 30, 2023, the principal terms of which are set out in Appendix I to the circular of the Company on June 21, 2023 and the sub-section headed "Share Option Scheme" in this annual report
"Special Committee"	the special committee of the Board, which consists of Mr. Chi Wai Suen (an independent non-executive Director), Mr. Ting Yuk Anthony Wu (an independent non-executive Director), Mr. Wan Yee Joseph Lau (an independent non-executive Director, who passed away in February 2024), Ms. Nisa Bernice Wing-Yu Leung (a former non-executive Director), and Mr. Ao Zhang (a non-executive Director)
"Stock Exchange"	the Stock Exchange of Hong Kong Limited

"Supervisor(s)"	member(s) of the supervisory committee of the Company
"Target Company"	Mitraltech Holdings Ltd., a private company incorporated under the laws of Israel
"TAV0"	TAV0 Balloon Aortic Valvuloplasty Catheter, one of our balloon transluminal aortic valvuloplasty catheter system products
"TAV8"	TAV8 Balloon Aortic Valvuloplasty Catheter, one of our balloon transluminal aortic valvuloplasty catheter system products
"TAVR"	transcatheter aortic heart valve replacement, a catheter-based technique to implant a new aortic valve in a minimally invasive procedure that does not involve open chest surgery to correct severe aortic stenosis
"TMVR"	transcatheter mitral valve replacement, a catheter-based technique to implant a new mitral valve in a minimally invasive procedure that does not involve open-chest surgery
"TPVR"	transcatheter pulmonary valve replacement, a catheter-based technique to implant a new pulmonary valve in a minimally invasive procedure that does not involve open-chest surgery
"TTVR"	transcatheter tricuspid valve replacement, a catheter-based technique to implant a new tricuspid valve in a minimally invasive procedure that does not involve open-chest surgery
"UK"	the United Kingdom
"Unauthorized Transactions"	has the meaning ascribed to it in the section headed "Scope of the Forensic Investigation" in the Forensic Investigation Announcement

"Undisclosed Fund Flows"	has the meaning ascribed to it in the section headed "Scope of the Forensic Investigation" in the Forensic Investigation Announcement
"Unlisted Foreign Share(s)"	the issued ordinary share(s) of the Company with a par value of RMB1.00 issued to overseas investors, which are subscribed for and paid up in currencies other than Renminbi and not listed on any stock exchange
"U.S.", "the USA" or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"US$"	United States dollars, the lawful currency of the United States of America
"V8"	V8, one of our balloon transluminal aortic valvuloplasty catheter system products
"Venus HK"	Venus Medtech (Hong Kong) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
"Venus-PowerX"	Venus-PowerX Valve, one of our TAVR product candidates
"Venus-Vitae"	Venus-Vitae Valve, one of our TAVR product candidates
"VenusA-Pilot"	VenusA-Pilot System, one of our TAVR product candidates
"VenusA-Plus"	VenusA-Plus System, one of our TAVR products
"VenusA-Pro"	VenusA-Pro System, one of our TAVR products
"VenusA series"	VenusA-Valve, VenusA-Plus and VenusA-Pro

"VenusA-Valve"	VenusA-Valve System, one of our TAVR products
"VenusP-Valve"	VenusP-Valve System, our TPVR product candidate
"Zhonghui Anda"	ZHONGHUI ANDA CPA Limited, auditor of the Company

In this annual report, the terms "associate", "connected transaction", "controlling shareholder" and "subsidiary" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

* *For identification purposes only.*