

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

PW MEDTECH GROUP LIMITED

普 华 和 顺 集 团 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1358)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

KEY FINANCIALS

- Revenue for the year ended December 31, 2024 amounted to approximately RMB768.9 million, representing an increase of 13.9% from approximately RMB675.1 million recorded in 2023.
- Gross profit for the year ended December 31, 2024 amounted to approximately RMB419.4 million, representing an increase of 10.1% from approximately RMB380.9 million recorded in 2023.
- Profit for the year ended December 31, 2024 amounted to approximately RMB192.5 million, representing a decrease of 6.1% from approximately RMB205.0 million recorded in 2023. Profit attributable to owners of the Company for the year ended December 31, 2024 amounted to approximately RMB150.8 million, representing a decrease of 1.6% from approximately RMB153.2 million recorded in 2023.
- Adjusted net profit (non-HKFRS measure)⁽¹⁾ for the year ended December 31, 2024 amounted to approximately RMB233.5 million, representing an increase of 9.9% from approximately RMB212.4 million recorded in 2023. Adjusted net profit attributable to owners of the Company (non-HKFRS measure)⁽¹⁾ for the year ended December 31, 2024 amounted to approximately RMB172.4 million, representing an increase of 9.5% from approximately RMB157.4 million recorded in 2023.
- Basic earnings per share and diluted earnings per share in 2024 were RMB9.77 cents and RMB9.77 cents (2023: RMB9.78 cents and RMB9.78 cents), respectively, representing a minor decrease of 0.1% and 0.1% from 2023, respectively.
- The Board has recommended the payment of a final dividend of HK5.3 cents per share for the year ended December 31, 2024. Together with the interim dividend of HK4.5 cents per share already paid, total dividend for the full year of 2024 amounted to HK9.8 cents per share (2023: HK9.85 cents per share).

Note:

- (1) We define the “adjusted profit for the year (non-HKFRS measure)” and “adjusted net profit attributable to owners of the Company (non-HKFRS measure)” as profit for the year or profit attributable to owners of the Company adding back (i) share-based compensation expenses of the Blood Purification Business; (ii) professional services fee relating to the spin-off of Sichuan Ruijian Medical; (iii) amortization of fair value increment on intangible assets recognised in the acquisition of Beijing Ruijian Biological; and (iv) income tax effects of non-HKFRS adjustments. We eliminate the impacts of these items that the Group does not consider indicative of the performance of the business of the Group, as they are either non-cash items or non-recurring expenses.

MARKET AND BUSINESS REVIEW

PW Medtech Group Limited (the “**Company**” or “**PW Medtech**”, together with its subsidiaries, the “**Group**”) is a leading medical device company in China focusing on the fast-growing and high-margin segments in China’s medical device industry and is committed to expanding new markets with room for growth to consolidate its leading position in the industry. In 2024, the Group intensified its development in its core businesses, sought progress while maintaining stability, improved its research and development (“**R&D**”) and innovation capabilities, enhanced its overall competitiveness, and consolidated its leading position in the industry.

Looking back at 2024, global economic growth has slowed down with a generally complex and volatile situation. The Chinese economy maintained overall stability with steady progress, with solid progress in high-quality development, while still facing many difficulties and challenges.

In a complex and volatile external environment, China’s medical device industry maintained its second position globally in scale, showing resilience of the industry. In 2024, the government continued to deepen industry reform and promote the high-quality development of the medical device industry. New momentum was injected into the development of the industry with promotion of anti-corruption campaign in medical industry horizontally and vertically, continuous implementation of bulk procurement of drugs and medical device as well as continuous introduction of medical device localization and innovation support policies by the government.

Against the background that the industry was undergoing in-depth reform, centralized procurement of medical consumables has been carried out on a normalized basis, which has not only squeezed the profit margins gained by medical device enterprises to some extent, but also posed challenges to such enterprises. However, centralized procurement has also enabled enterprises to accelerate the pace of innovation, sped up the process of domestic product substitution, enhanced industry concentration, and gradually reshaped the industry pattern. Together with enhancement of residents’ health awareness, faster pace of population ageing, technological progress of the industry and acceleration of development of overseas market for domestic medical devices, the medical device enterprises in China are facing new development opportunities.

For the year ended December 31, 2024, the Group’s revenue amounted to RMB768.9 million, representing a year-on-year increase of 13.9% compared with 2023, mainly due to the increase in sales of Blood Purification Business. At the same time, the Group recorded a gross profit of RMB419.4 million, representing a year-on-year increase of 10.1% compared with 2023, with an overall gross profit margin of 54.6% for the period. Profit attributable to owners of the Company amounted to RMB150.8 million, representing a year-on-year decrease of 1.6% compared with the previous year. In 2024, the Group maintained a stable financial position, with cash and cash equivalents of the Company amounting to RMB1,682.0 million and a healthy cash flow.

Looking ahead, driven by factors such as technological innovation and market demand, the Group will continue to reduce costs and increase efficiency, strictly control product quality, improve innovation capabilities, optimize marketing strategies, enhance industry competitiveness, seek development opportunities in the challenging industry environment, consolidate its leading position, and strive to return shareholders and investors with better performance.

BUSINESS STRATEGIES AND FUTURE OUTLOOK

Focusing on the fast-growing and high-margin medical device market, PW Medtech actively promotes the development of the industry in a healthy and orderly manner, enhances product innovation and R&D capabilities, and expands production capacity and product portfolio. At present, the Group has established the business layout comprising three business segments, namely R&D, manufacturing and sale of advanced infusion set, intravenous cannula products, insulin needles etc. (the “**Infusion Set Business**”), blood purification medical devices (the “**Blood Purification Business**”) and animal-derived regenerative medical biomaterials and human tissue repair alternative products (the “**Regenerative Medical Biomaterials Business**”).

In terms of the Infusion Set Business segment, the Group is a leading company in China in advanced infusion set business, continues to intensify its development in the Infusion Set Business while actively paying attention to the emerging hotspots of infusion products, focusing on the R&D, manufacturing and sale of products including infusion sets, cannula and insulin needles and pens, etc. Since transfusion treatment has become one of the most commonly adopted treatment alternatives in clinical treatment, and due to the huge population base in China, great and stable market demand for infusion consumables products has been seen in China. However, the sale price of enterprise suffers pressure arising from the bulk procurement to some extent. During the year ended December 31, 2024 (the “**Reporting Period**”), revenue from the Group’s Infusion Set Business amounted to RMB286.6 million, representing a stable increase of 2.0% over the corresponding period of last year, and accounting for approximately 37.3% of the consolidated operating revenue of the Group during the Reporting Period.

In terms of the Blood Purification Business segment, Sichuan Rekind Medtec., Inc. (also known as Sichuan Ruijian Medical Technology Co. Ltd.) (四川睿健醫療科技股份有限公司) (“**Sichuan Ruijian Medical**”) operating the business recorded sound growth relying on continuous investment in R&D, resource integration and market expansion, making the Group a leading company in the field of made-in-China blood purification consumables with products including high flux hemodialyzer, low flux hemodialyzer, hemodiafilter, hemoperfutor and dialysis tube, and has expanded to blood purification equipment. In recent years, with the aggravating trend of an ageing population and the continuous advancement of medical insurance policies, the enhancement of patient health awareness, the improvement of patient affordability and the enhancement of the technical level of blood purification related products, the number of new patients for blood purification treatment in China has shown a steady growth trend, and the treatment penetration rate has continued to increase. In 2024, the implementation of bulk procurement of blood purification consumables was accelerated. In the joint bulk procurement of hemodialysis medical consumables carried out by the inter-provincial alliance of 23 regions including Henan province at the beginning of the year and the joint bulk procurement of

hemodialysis medical consumables carried out by the Beijing-Tianjin-Hebei region “3+N” alliance in the middle of the year, the Company’s hemodialyzer, hemodiafilter, dialysis tube and arteriovenous fistula puncture needle were successfully selected among the purchasing list. Although product profit margins is reduced through the “exchange quantity for price” model, in the long run, bulk procurement will help to provide stable purchases for the industry, reduce marketing investment, focus on production and R&D, so as to improve product quality. Meanwhile, the Group’s rich product matrix of blood purification medical devices also promotes synergies between non-standard products and bid-winning products, further enhancing its profitability. In addition, the Group also proactively grasped the opportunities to develop overseas market, and continued to expand overseas markets. During the Reporting Period, the Blood Purification Business recorded steady growth with operating revenue of RMB482.3 million, representing an increase of 22.4% over the corresponding period of the previous year, and accounting for approximately 62.7% of the consolidated operating revenue of the Group during the Reporting Period.

In terms of the Regenerative Medical Biomaterials Business segment, driven by factors such as the national economic development, improvement in residents’ quality of life, and increasing demands for medical beauty and wounds repairing, the medical biomaterials in China are in a state of rapid development with broad market space. The Group’s Regenerative Medical Biomaterials Business segment focuses on the R&D and manufacturing of animal-derived regenerative medical biomaterials and human tissue repair alternative products, with a complete product pipeline and applications covering herniorrhaphy, oral repairing, breast reconstruction, burns and scalds, and injection cosmetology. The Group believes that the Regenerative Medical Biomaterials Business segment has extremely high growth potential and is one of the most valuable areas for investment in the medical device sector. In 2024, the Group has commenced the development of commercialization blueprint for the Regenerative Medical Biomaterials Business segment. In the future, the Group will make full use of its technological leadership and resource integration capabilities to further expedite the R&D of related products and promote more innovative products for marketing.

As of December 31, 2024, the Group had obtained 58 registration certificates for products, covering infusion set, cannula, hemodialyzer, hemoperfutor, hemodialysis equipment, biologic patch, breast tissue patch, absorbable oral cavity repair membrane, intestinal feeding device, insulin injection pen, insulin injection needle and blood transfusion set. In addition, the Group also has a number of product candidates in various stages of development.

The Group will continue to leverage its leading position in the medical device industry in China, actively contribute to the safety and efficiency of medical care as well as the development of the industry and increase our competitive edges through continuous optimization of business deployment.

Emphasis on Innovation and R&D

The Group has always believed that innovation and R&D is one of the key drivers for the long-term development of the medical device industry, and has always focused on improving the Group's technological innovation and R&D capabilities and proactively promoting the R&D progress of its products. At present, the Group has an experienced R&D team with strong academic and research background, which helps the Group develop innovative products and continuously enhance its R&D capabilities.

In 2024, the Group's product registration and R&D processes progressed smoothly:

- In the Infusion Set Business segment, the Group has been focusing on R&D and continuous improvement of the materials and performance of infusion set and cannula products to improve its product line in the infusion healthcare field, and has also been proactively exploring medical devices for diabetes mellitus and other healthcare fields. The Group obtained the registration certificate of pump infusion set product in March 2024, which further enriched its product portfolio in the infusion healthcare field, and obtained the registration certificate of closed-system drug transfer device in August 2024. This product is intended for the formulation and transport of dangerous drugs, such as antineoplastic drugs, enabling the Company to enter into new areas of oncology therapy.
- In the Blood Purification Business segment, the Group obtained a registration certificate for hemodialysis equipment in May 2024 and a registration certificate for continuous blood purification equipment in July 2024, expanding its business from blood purification consumables to blood purification equipment. In addition, the Group is expected to submit the application for registration of the continuous hollow fiber hemodiafilter in the first half of 2025, which will further expand its product portfolio in the field of blood purification consumables.
- In the Regenerative Medical Biomaterials Business segment, the Group obtained registration certificates for absorbable oral cavity repair membrane products and breast tissue patch products in July 2024. Absorbable oral cavity repair membrane products are used to guide bone regeneration in dental implant surgery, while breast tissue patch products are used to support and cover implants in breast reconstruction surgery and to repair soft breast tissue. In addition, the Group is expected to submit the application for registration of injectable tissue filler products for injection cosmetology in the first half of 2025, and the type testing of the biological sponge products for tissue defect filling, repair and regeneration has been completed.

As of December 31, 2024, the Group had obtained 58 product registration certificates and owned 173 patents for products, including 67 patents in relation to infusion set products, 83 patents for blood purification products and 23 patents for regenerative medical biomaterial products, and had applied for 57 new patents. The Group will continue to focus on product innovation and R&D. Following the R&D strategy of “produce and focus our R&D efforts for a leading next generation of products”, the Group will focus on R&D and innovation of medical devices, improve comprehensive competitive edge and consolidate our leading position in the industry.

Expansion of Distribution Networks

The Group has an experienced and strong professional sales and marketing team to support and consolidate our distribution networks in 31 provinces, cities and autonomous regions across the country and to fortify product promotion for all business segments. The Group's sales force has an average of 10 years of experience in their respective fields, and nearly half of the members of the sales and marketing team have a medical education background, which facilitates their professional and effective communication with doctors and nurses.

The Group continued to optimize sales structure and marketing strategies, keep abreast of policies in the medical industry and flexibly adjust bidding strategies. In terms of operation and management, the Group continued to implement the “low cost and high quality” strategy to improve operation efficiency.

Progress on Spin-off of Sichuan Ruijian Medical

On December 5, 2024, the Group announced that Sichuan Ruijian Medical has successfully completed the National Equities Exchange and Quotations System (NEEQS) quotation. This progress represents another important milestone for Sichuan Ruijian Medical in the capital market.

During the Reporting Period, the Group has also commenced the subsequent listing of Sichuan Ruijian Medical on Beijing Stock Exchange by way of issuance of new A-shares of Sichuan Ruijian Medical (the “**Subsequent Listing**”). The Subsequent Listing will involve issue of new A-shares by Sichuan Ruijian Medical the (“**Offer Shares**”) and the Offer Shares will only be issued in the PRC. It is intended that the number of Offer Shares to be issued under the Subsequent Listing will be (i) no more than 43,000,000 Offer Shares (assuming the the over-allotment option of a maximum of 15% of the total number of the new A-shares of Sichuan Ruijian Medical issued that may be exercised under the Subsequent Listing (the “**Over-allotment Option**”) is not exercised) (representing approximately 14.0% of the total number of shares of Sichuan Ruijian Medical in issue as of the date of this announcement, and 12.3% of the total number of shares of Sichuan Ruijian Medical as enlarged by the Subsequent Listing); or (ii) no more than 49,450,000 Offer Shares (assuming the Over-Allotment Option is fully exercised) (representing approximately 16.1% of the total number of shares of Sichuan Ruijian Medical in issue as of the date of this announcement, and 13.9% of the total number of shares of Sichuan Ruijian Medical as enlarged by the Subsequent Listing). The actual number of the Offer Shares will be determined at a later stage subject to regulatory approvals by the Beijing Stock Exchange, the China Securities Regulatory Commission (the “**CSRC**”), discussions among the board of Sichuan Ruijian Medical, the lead underwriter of the Subsequent Listing and in particular, subject to market conditions. It is expected that Sichuan Ruijian Medical will remain as a subsidiary of the Company, and the results of the Sichuan Ruijian Medical Group will continue to be consolidated by the Company, upon completion of the Subsequent Listing subject to the Company and its auditor's final assessment under the Hong Kong Financial Reporting Standards (the “**HKFRS**”). Sichuan Ruijian Medical submitted the application for the Subsequent Listing to the Beijing Stock Exchange on March 25, 2025, while the completion date of the Subsequent Listing will be subject to (i) the vetting process

of the relevant listing application by Beijing Stock Exchange and CSRC, and (ii) market conditions. The Company will provide further update on the progress of the Subsequent Listing as and when appropriate.

Sichuan Ruijian Medical is principally engaged in the R&D, manufacturing and sales of medical device for blood purification, and its products are widely used in the hemodialysis treatment of patients with end-stage renal disease. The board (the “**Board**”) of directors (the “**Directors**”) of the Company is of the view that the spin-off of Sichuan Ruijian Medical (the “**Spin-off**”) for listing is in the interests of the Company and its shareholders as a whole, which will help Sichuan Ruijian Medical capture the huge opportunities in the blood purification medical device market in the PRC, further strengthen its business capability while promoting its reputation and profile in the PRC market and consolidate its leading position in the industry, and will also be conducive to the expansion of its financing channels and shareholder base in the future.

Strategic Share Repurchase Scheme

The Board has announced the repurchase of shares in the open market under the Repurchase Mandates from time to time during the 12-month period commencing June 2024 (the “**Share Repurchase Scheme**”). Under the Share Repurchase Scheme, the Board intends to utilize up to HK\$150 million (inclusive of tax and transaction costs) to repurchase shares in the market. The Board has designated a dedicated officer of the Company to implement the Share Repurchase Scheme under the Repurchase Mandates in light of the market conditions. During the Reporting Period, the Company cumulatively repurchased 78,897,000 shares of the Company as of December 31, 2024, accounting for 5.04% of the total share capital of the Company prior to the repurchase, with the highest transaction price of HK\$1.21 per share and the lowest transaction price of HK\$1.00 per share, and total transaction amount was approximately HK\$86.8 million. The repurchase not only enhanced the market liquidity of the Company’s shares, stabilized the share price, but also enhanced investor confidence and optimized the capital structure. For details of the share repurchases completed by the Company prior to the date of this announcement, including the number and price of the share repurchased, please refer to the section headed “Purchase, Sale or Redemption of the Company’s Listed Securities” in this announcement.

In the future, the Company will continue to pay close attention to the market dynamics, and flexibly adjust the share repurchase strategy according to the Company’s financial position and operating conditions, so as to protect the interests of shareholders and investors.

The Board is pleased to announce the audited consolidated final results of the Group for the year ended December 31, 2024, together with the comparative figures for the year ended December 31, 2023, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Revenue	3(b)	768,903	675,084
Cost of sales		<u>(349,455)</u>	<u>(294,187)</u>
Gross profit		419,448	380,897
Other gains — net	4	46,212	48,896
Loss on disposal of subsidiaries		—	(6,100)
Fair value loss on investment properties		(1,182)	(61)
Selling and marketing expenses		(84,082)	(76,086)
General and administrative expenses		(156,795)	(119,020)
Research and development expenses		<u>(44,120)</u>	<u>(41,130)</u>
Operating profit		179,481	187,396
Finance income, net	5	<u>50,272</u>	<u>43,671</u>
Profit before income tax	6	229,753	231,067
Income tax expense	7	<u>(37,231)</u>	<u>(26,044)</u>
Profit for the year		<u>192,522</u>	<u>205,023</u>
Other comprehensive expense			
Items that will not be subsequently reclassified to profit or loss			
Currency translation differences		(2,748)	(6,044)
Change in fair value of financial assets at fair value through other comprehensive income		<u>(15,403)</u>	<u>(29,908)</u>
Other comprehensive expense for the year		<u>(18,151)</u>	<u>(35,952)</u>
Total comprehensive income for the year		<u>174,371</u>	<u>169,071</u>

		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year attributable to:			
Owners of the Company		150,780	153,184
Non-controlling interests		<u>41,742</u>	<u>51,839</u>
		<u><u>192,522</u></u>	<u><u>205,023</u></u>
Total comprehensive income for the year attributable to:			
Owners of the Company		132,629	117,232
Non-controlling interests		<u>41,742</u>	<u>51,839</u>
		<u><u>174,371</u></u>	<u><u>169,071</u></u>
		<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share attributable to owners of the Company for the year:			
Basic earnings per share	9	<u><u>9.77</u></u>	<u><u>9.78</u></u>
Diluted earnings per share	9	<u><u>9.77</u></u>	<u><u>9.78</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		891,691	906,872
Right-of-use assets		30,330	26,133
Investment properties	10	262,880	264,878
Intangible assets		1,068,300	1,096,987
Goodwill		564,085	564,085
Deferred tax assets		10,128	10,291
Long-term prepayments		12,732	9,941
Non-current financial assets		46,544	61,280
Loan receivables	11	<u>180,000</u>	<u>180,000</u>
		<u>3,066,690</u>	<u>3,120,467</u>
Current assets			
Inventories	12	120,282	136,605
Trade and other receivables	13	166,825	180,421
Loan receivables, net of provision	11	120,000	120,000
Cash and cash equivalents		1,681,984	1,589,656
Financial assets at fair value through profit or loss	14	<u>5,148</u>	<u>4,900</u>
		<u>2,094,239</u>	<u>2,031,582</u>
Total assets		<u><u>5,160,929</u></u>	<u><u>5,152,049</u></u>

		2024	2023
	Notes	RMB'000	RMB'000
Current liabilities			
Trade and other payables	15	138,944	130,080
Lease liabilities		1,697	759
Contract liabilities		19,761	7,766
Tax payables		<u>17,038</u>	<u>10,658</u>
		<u>177,440</u>	<u>149,263</u>
Net current assets		<u>1,916,799</u>	<u>1,882,319</u>
Non-current liabilities			
Lease liabilities		4,577	369
Bank borrowing		5,800	—
Deferred tax liabilities		148,435	154,712
Deferred government grants		<u>21,309</u>	<u>22,720</u>
		<u>180,121</u>	<u>177,801</u>
NET ASSETS		<u><u>4,803,368</u></u>	<u><u>4,824,985</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	939	962
Share premium		1,409,678	1,489,876
Retained earnings		2,177,147	2,160,733
Reserves		<u>383,637</u>	<u>392,770</u>
		3,971,401	4,044,341
Non-controlling interests		<u>831,967</u>	<u>780,644</u>
TOTAL EQUITY		<u><u>4,803,368</u></u>	<u><u>4,824,985</u></u>

NOTES TO FINANCIAL INFORMATION

For the year ended 31 December 2024

1. GENERAL

PW Medtech Group Limited (the “Company”) was incorporated in the Cayman Islands on 13 May 2011 as an exempted company with limited liability under the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 8 November 2013.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the R&D, manufacturing and sale of advanced infusion set, intravenous cannula products, insulin needles etc. (the “Infusion Set Business”), hemodialysis and blood purification medical devices (the “Blood Purification Business”) and animal-derived regenerative medical biomaterials and human tissue repair alternative products (the “Regenerative Medical Biomaterials Business”) in the People’s Republic of China (the “PRC”).

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS ACCOUNTING STANDARDS”)

(a) Adoption of new/revised HKFRS Accounting Standards — effective 1 January 2024

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

None of these new or amended HKFRS Accounting Standards has a material impact on the Company’s results and financial position for the current or prior period. The Company has not early applied any new or amended HKFRS Accounting Standards that is not yet effective for the current accounting period.

(b) Potential impact arising on HKFRS Accounting Standards not yet effective

The following new or amended HKFRS Accounting Standards, potentially relevant to the Company’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Company. The Company’s current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
HKFRS 18	Presentation and Disclosure in Financial Statements Supplier Finance Arrangement ⁴
HKFRS 19	Subsidiaries Without Public Accountability: Disclosures ⁴

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

3. REVENUE AND SEGMENT INFORMATION

(a) Business segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used for making strategic decisions. The chief operating decision maker is identified as the executive director of the Company. The chief operating decision maker regularly monitor and receive reports relating to the performance of the three lines of business the Group operates during the year. In this regard, management has identified three reportable operating segments, namely (1) Infusion Set Business, (2) Blood Purification Business and (3) Regenerative Medical Biomaterials Business.

The major business activities for the four segments are summarised as follows:

- the “Infusion Set Business” segment represents the R&D, manufacturing and sales of advanced infusion set, intravenous cannula products, insulin needles, etc;
- the “Blood Purification Business” segment represents the R&D, manufacturing and sales of hemodialysis and blood purification medical devices; and
- the “Regenerative Medical Biomaterials Business” segment represents the R&D and manufacturing of animal-derived tissue regenerative medical biomaterials and human tissue repair alternative product.

Inter-segment sales were conducted at prices no less than cost and with terms mutually agreed among those business segments. Operating expenses of a functional unit are allocated to the relevant segment which is the predominant user of the services provided by the unit. Operating expenses of other shared services which cannot be allocated to a specific segment and corporate expenses are included as unallocated costs.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, inventories, trade and other receivables, loan receivables, amount due from a related party, financial assets at fair value through profit or loss and cash and cash equivalents. Unallocated assets comprise items such as some of cash and cash equivalents, deferred income tax assets and other unallocated assets.

Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets, intangible assets and other non-current assets.

The segment information provided to the Senior Management for the reportable segments is as follow:

- (i) For the year ended 31 December 2024:

The segment results for the year ended 31 December 2024 are as follows:

	Infusion Set	Blood	Regenerative Medical	
	RMB'000	Purification	Biomaterials	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue from external customers	286,646	482,257	—	768,903
Segment results (Operating profit)	90,767	129,412	(41,464)	178,715
Fair value loss on investment properties				(1,182)
Finance income				50,646
Finance cost				(374)
Unallocated profit				1,948
Profit before taxation				229,753
Income tax expense				(37,231)
Profit for the year				192,522
Other segment items				
Depreciation of property, plant and equipment	32,074	38,153	797	71,024
Depreciation of right-of-use assets	406	1,520	526	2,452
Amortisation of intangible assets	3,230	18,666	22,374	44,270
(Reversal of)/provision for impairment losses recognised in respect of trade receivables, net	<u>(2,810)</u>	<u>138</u>	<u>—</u>	<u>(2,672)</u>

The segment assets and liabilities as at 31 December 2024 are as follows:

	Infusion Set	Blood	Regenerative Medical	
	Infusion Set	Purification	Biomaterials	Consolidated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets				
Segment assets	1,382,612	1,477,849	977,330	3,837,791
Deferred tax assets				10,128
Non-current financial assets				46,544
Unallocated assets				<u>1,266,466</u>
Total assets				<u><u>5,160,929</u></u>
Liabilities				
Segment liabilities	109,971	68,801	9,548	188,320
Deferred tax liabilities				148,435
Tax payables				17,039
Unallocated liabilities				<u>3,767</u>
Total liabilities				<u><u>357,561</u></u>

(ii) For the year ended 31 December 2023:

The segment results for the year ended 31 December 2023 are as follows:

	Infusion Set <i>RMB'000</i>	Blood Purification <i>RMB'000</i>	Regenerative Medical Biomaterials <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue from external customers	281,063	394,021	—	675,084
Segment results (Operating profit)	92,751	137,324	(25,051)	205,024
Fair value loss on investment properties				(61)
Loss on disposal of a subsidiary				(6,100)
Finance income				43,825
Finance cost				(154)
Unallocated loss				(11,467)
Profit before taxation				231,067
Income tax expense				(26,044)
Profit for the year				205,023
Other segment items				
Depreciation of property, plant and equipment	34,576	31,445	898	66,919
Depreciation of right-of-use assets	406	464	406	1,276
Amortisation of intangible assets	3,232	18,664	8,170	30,066
Reversal of impairment losses recognised in respect of loan receivables	(4,706)	—	—	(4,706)
(Reversal of)/provision for impairment losses recognised in respect of trade receivables, net	<u>(4,361)</u>	<u>187</u>	<u>—</u>	<u>(4,174)</u>

The segment assets and liabilities as at 31 December 2023 are as follows:

	Infusion Set <i>RMB'000</i>	Blood Purification <i>RMB'000</i>	Regenerative Medical Biomaterials <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Assets				
Segment assets	1,597,940	1,334,343	1,013,385	3,945,668
Deferred tax assets				10,291
Non-current financial assets				61,280
Unallocated assets				<u>1,134,810</u>
Total assets				<u>5,152,049</u>
Liabilities				
Segment liabilities	97,703	53,631	6,156	157,490
Deferred tax liabilities				154,712
Tax payables				10,658
Unallocated liabilities				<u>4,204</u>
Total liabilities				<u>327,064</u>

Analysis of information by geographical regions:

The following table lists out the information about geographical regions. The geographical regions of the sales to external customers are based on the locations where the services are rendered or the places where the goods are delivered.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Geographical markets		
China	643,933	606,231
India	39,673	24,467
Americas	21,167	13,520
Africa	18,114	6,826
Others	<u>46,016</u>	<u>24,040</u>
Total	<u>768,903</u>	<u>675,084</u>

The geographical location of customers is based on the location at which the goods are delivered. No geographical location of non-current assets is presented as the substantial non-current assets are physically based in the PRC.

(b) Disaggregation of revenue from contracts with customer

The Group derives revenue from the transfer of goods at a point in time in the following customers' segment for infusion set business, blood purification business and regenerative medical biomaterials business:

	Infusion Set	Blood	Regenerative	
	Purification	Medical	Biomaterials	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15				
For the year ended 31 December 2024				
Revenue from hospitals	33,080	4,348	—	37,428
Revenue from medical products distributors	253,566	477,909	—	731,475
Total	286,646	482,257	—	768,903
For the year ended 31 December 2023				
Revenue from hospitals	33,809	3,732	—	37,541
Revenue from medical products distributors	247,254	390,289	—	637,543
Total	281,063	394,021	—	675,084
Timing of revenue recognition				
For the year ended 31 December 2024				
At a point in time	286,646	482,257	—	768,903
For the year ended 31 December 2023				
At a point in time	281,063	394,021	—	675,084

(c) Concentration of customers

There was no single customer that contributed to 10% or more of the Group's revenue for the years ended 31 December 2024 and 2023.

4. OTHER GAINS — NET

	2024 RMB'000	2023 RMB'000
Government grants	4,581	17,953
Rental income	17,819	14,360
Property management fee income	5,865	7,961
Loss on disposal of property, plant and equipment	(107)	(1,039)
Loss on guarantee liability (<i>note</i>)	(734)	(734)
Net foreign exchange gain	7,499	3,491
Compensation income	10,230	—
Processing income	—	4,209
Write-off other payables	—	1,978
Others	1,059	717
	<u>46,212</u>	<u>48,896</u>
Other gains — net	<u>46,212</u>	<u>48,896</u>

Note:

The guarantee liability mainly related to a joint guarantee liability of the Group's subsidiary, Xuzhou Yijia Medical Device Co., Ltd (“Xuzhou Yijia”). Based on the judgement from the Supreme People's Court of the PRC in 2018, Xuzhou Yijia is liable to the principal and accumulated interest for a defaulted loan granted by a bank, which Xuzhou Yijia had undertaken a joint guarantee with another independent guarantor.

After assessing the risk relating to the joint guarantee liability, the directors of the Company accrued a provision to guarantee liability which included the principal and accumulated interest of the above loan in 2018. The loss recognised during the year ended 31 December 2024 and 2023 represents the interest accrued for the period on the guarantee liability.

Group made claims against the former owners of Xuzhou Yijia to claim such loss. Pursuant to the judgement from the Nanjing Jianye District People's Court of the PRC in 2023, the former owners of Xuzhou Yijia are liable to repay such loss to the Group. As of the date of approval of the consolidated financial statements, the former owners of Xuzhou Yijia have not repaid such loss.

5. FINANCE INCOME, NET

	2024 RMB'000	2023 RMB'000
Finance income		
Bank Interest income	33,966	22,635
Interest income on wealth management product	795	4,154
Loan interest income	<u>15,885</u>	<u>17,036</u>
	50,646	43,825
Finance costs		
Interest on bank borrowings	(95)	—
Interest on lease liabilities	<u>(279)</u>	<u>(154)</u>
	(374)	(154)
Finance income — net	<u><u>50,272</u></u>	<u><u>43,671</u></u>

6. PROFIT BEFORE INCOME TAX

	2024 RMB'000	2023 RMB'000
Profit before taxation has been arrived at after charging/(crediting):		
Directors' emoluments	2,217	2,205
Staff costs (excluding directors' emoluments):		
Wages, salaries and bonuses	88,159	88,711
Share-based payment	18,599	—
Staff welfare	7,613	7,345
Social security costs	14,460	12,033
Housing fund	2,923	1,459
Total staff costs	133,971	111,753
Auditor's remuneration:		
— Audit services	2,040	2,085
— Other services	1,190	1,063
Write-off other receivables	260	900
Impairment loss of inventories	1,087	197
Reversal of impairment losses recognised in respect of trade receivables, net	(2,672)	(4,174)
Reversal of impairment losses recognised in respect of loan receivables	—	(4,706)
Depreciation of property, plant and equipment	71,024	66,919
Depreciation of right-of-use assets		
— Properties	1,853	676
— Leasehold land and land use right	599	600
Amortisation of intangible assets	44,270	30,066
Raw materials and consumable used	220,807	194,617
Research and development expenses	59,703	75,735
Less: amount capitalised in intangible assets	(15,583)	(34,605)
	<u>44,120</u>	<u>41,130</u>

7. TAXATION

The amount of tax recognised in the consolidated statement of comprehensive income represents:

	2024 RMB'000	2023 RMB'000
Current income tax		
Current tax on profits for the year	43,248	28,224
Adjustment for under provision in prior periods	97	401
Deferred income tax	<u>(6,114)</u>	<u>(2,581)</u>
Income tax expense	<u><u>37,231</u></u>	<u><u>26,044</u></u>

Below are the major tax jurisdictions that the Group operates during the year.

(a) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

(b) Hong Kong profits tax

Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and 16.5% on the estimated assessable profits above HK\$2 million. No provision for taxation in Hong Kong was made in the financial statements for the current year as the Group's operations in HK had no assessable profits.

(c) PRC corporate income tax (the "CIT")

The statutory PRC enterprise income tax for the PRC subsidiaries is 25% for the year. According to the Tax Relief Notice (Cai Shui [2020] No. 23) on the Grand Development of Western Region jointly issued by the Ministry of Finance, the State Administration of Taxation and National Development and Reform Commission, enterprises located in the western region of the PRC with over 60% of the principal revenue generated from the encouraged business activities were entitled to a preferential income tax rate of 15% for 10 years from 1 January 2021 to 31 December 2030. Accordingly, certain subsidiaries located in the western region of the PRC are entitled to an income tax rate of 15% for the year.

Four subsidiaries (2023: Four) of the Group have been qualified as "High and New Technology Enterprises" under the CIT Law. Therefore, they were entitled to a preferential income tax rate of 15% on their estimated assessable profits during the year (2023: 15%). They will continue to enjoy the preferential tax rate in the subsequent periods, provided that they continue to be qualified as "High and New Technology Enterprises" during such periods.

PRC subsidiaries, which are micro and small enterprises, enjoy the preferential tax rates. According to the EIT Law and the Implementation Regulation of the EIT Law, an entity qualified as micro and small enterprises is subject to preferential tax treatments, seven of the subsidiaries are entitled to the preferential tax rate for the year ended 31 December 2024.

(d) Withholding tax (“WHT”)

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant WHT rate will be reduced from 10% to 5%.

8. DIVIDENDS

The Board of Directors declared 2024 interim dividend of HK4.5 cents per ordinary share to the shareholders totaling approximately HK\$67,713,000.

The Board recommended a final dividend of HK5.3 cents (2023: HK4.95 cents) per ordinary share, absorbing a total amount of about HK\$78,797,000 (2023: HK\$77,212,000) in respect of the year ended 31 December 2024, which is subject to the approval the shareholders of the Company at the forthcoming Annual General Meeting of the Company. The proposed dividends are not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2025. The final dividends are converted from Hong Kong dollars to Renminbi at the rate at the end of the Reporting Period.

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2024.

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to owners of the Company	<u>150,780</u>	<u>153,184</u>
Weighted average number of ordinary shares in issue (thousands)	<u>1,543,447</u>	<u>1,565,632</u>
Basic earnings per share (RMB cents per share)	<u>9.77</u>	<u>9.78</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2024, the Company do not have any dilutive potential ordinary shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all dilutive potential ordinary shares arising from share options granted by the Company (collectively forming the denominator for computing the diluted earnings per share). No adjustment is made to earnings (numerator).

	2024 RMB'000	2023 RMB'000
Profit attributable to owners of the Company	<u>150,780</u>	<u>153,184</u>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>1,543,447</u>	<u>1,565,632</u>
Diluted earnings per share (RMB cents per share)	<u>9.77</u>	<u>9.78</u>

10. INVESTMENT PROPERTIES

	Total RMB'000
FAIR VALUE	
At 1 January 2023	298,092
Addition	838
Change in fair value	(61)
Disposal of a subsidiary	<u>(33,991)</u>
At 31 December 2023 and 1 January 2024	264,878
Change in fair value	(1,182)
Disposal of a investment property	<u>(816)</u>
At 31 December 2024	<u>262,880</u>

During the year ended 31 December 2023, the Group collected a property with carrying value of approximately RMB838,000 from the settlement of trade receivable which located at No. 1-6-2, Block 30, Dongcheng Garden, Dalian Economic Technology Development Zone, Dalian, with a construction area of approximately 213.08 square meters. The property was subsequently sold during the year ended 31 December 2024 for a consideration of RMB816,000.

The balance represented office premises are located at No.23 Panlong West Road, Pinggu District, Beijing, with a construction area of approximately 39,714.5 square meters held by the Group under medium term lease in the PRC.

The fair value of the Group's investment properties at 31 December 2024 was approximately RMB262,880,000 (2023: RMB264,878,000). The fair value of the Group's investment properties at 31 December 2024 have been arrived at on market value basis carried out by Zhong Qi Ying (Beijing) Asset Appraisal Company Limited (2023: Shenzhen Pengxin Appraisal Ltd.), an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

The fair value was determined based on the income approach, where capitalising the estimated net income derived from the investment properties with reference to the lease agreement and taking into account the future growth potential. The discount rate was determined by reference to weighted average cost of capital of the listed companies with similar business portfolio.

11. LOAN RECEIVABLES

	2024 RMB'000	2023 RMB'000
Fixed-rate loan receivables	<u>300,000</u>	<u>300,000</u>
Analysed as:		
Current	120,000	120,000
Non-current	<u>180,000</u>	<u>180,000</u>
	<u><u>300,000</u></u>	<u><u>300,000</u></u>

On 20 April 2023, the Group was granted a loan advance with the principal of RMB180,000,000 at the rate of 5.3% per annum with a maturity date in April 2026. The interest is repayable on a half-yearly basis. It is considered to be low risk as the loan is collateralised by the real properties owned by the Borrower located in Beijing with fair value amounted RMB262,790,000 and therefore the impairment provision is determined as 12 months expected credit losses. The management assessed that the effect of applying the expected credit risk model on loan receivable was immaterial.

On 28 September 2023, a loan advance with the principal of RMB120,000,000 was granted to Zhangjiagang Hua An Investment Co., Ltd., which is a third party independent. The loan is interest bearing at 4.55% per annum. The interest is repayable on a semi-yearly basis. On 31 May 2024, the outstanding principal amount was extended a loan advance with the principal of RMB120,000,000 at the rate of 4.55% per annum with a maturity date in May 2025. The interest is repayable on a semi-yearly basis. It is considered to be low risk as the loan is collateralised by the real properties owned by the Borrower located in Suzhou with fair value amounted to RMB200,000,000 and therefore the impairment provision is determined as 12 months expected credit losses. The management assessed that the effect of applying the expected credit risk model on loan receivable was immaterial.

12. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	45,507	53,797
Work in progress	18,821	26,664
Finished goods	49,304	56,401
Goods in transit	<u>11,107</u>	<u>3,113</u>
	124,739	139,975
Provision for impairment	<u>(4,457)</u>	<u>(3,370)</u>
	<u><u>120,282</u></u>	<u><u>136,605</u></u>

13. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables (<i>note i</i>)	72,988	74,456
Bills receivable (<i>note ii</i>)	1,338	1,154
Prepayments and deposits	22,403	15,537
Value added tax recoverable	12,937	15,944
Other receivables	35,817	29,688
Loan interest receivables	2,771	9,535
Amount due from a related party (<i>note iii</i>)	<u>18,571</u>	<u>34,107</u>
	166,825	180,421
Trade and other receivables	<u><u>166,825</u></u>	<u><u>180,421</u></u>

Notes:

- (i) Included in trade and other receivables are trade receivables (net of impairment losses) with the following ageing analysis, based on invoice dates, as of the end of the Reporting Period.

	2024 RMB'000	2023 RMB'000
Up to 3 months	46,864	32,700
3 months to 6 months	3,624	11,940
6 months to 12 months	9,301	8,464
1 year to 2 years	1,465	4,745
2 years to 3 years	<u>11,734</u>	<u>16,607</u>
	<u>72,988</u>	<u>74,456</u>

The Group and the Company recognised impairment loss based on expected credit loss model.

Trade receivables are due within 180 days from the date of billing. The Group does not hold any collateral as security.

- (ii) The ageing of bills receivable is within 180 days, which is within the credit term.
- (iii) The amount due from a related party is interest-free, unsecured and repayable on demand.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Wealth management products		
— non-principal protected	<u>5,148</u>	<u>4,900</u>

The amount included a wealth management product issued by a bank in the PRC. The product is not redeemable on demand and not principal protected. The return of the product is determined by the performance of the underlying investments which are mainly debt instruments.

15. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	41,787	36,794
Salary and staff welfare payables	38,922	33,641
Advances from customers	4,792	9,638
Deposits received	3,704	3,789
Value added tax and other taxes	10,384	7,137
Professional service fee	8,163	6,948
Provision of loss from guarantee liability	22,680	21,946
Deferred government grant — current portion	1,325	1,121
Amount due to related parties	729	2,126
Other payables	6,458	6,940
	<u>138,944</u>	<u>130,080</u>

As at 31 December 2024 and 2023, except for the advances from customers, deposits received, value added tax and other taxes and deferred government grant which are not financial liabilities. All trade and other payables of the Group were non-interest bearing, and their fair values approximated their carrying amounts due to their short maturities.

Included in trade payables are trade creditors with the following ageing analysis, based on invoice dates, as of the end of the Reporting Period:

	2024 RMB'000	2023 RMB'000
Up to 6 months	26,160	23,171
6 months to 12 months	1,371	2,610
Over 1 year	2,954	3,065
2 years to 3 years	1,354	206
Over 3 years	9,948	9,868
	<u>41,787</u>	<u>38,920</u>

16. SHARE CAPITAL

	Number of ordinary shares	Share capital RMB'000
Issued and fully paid:		
At 1 January 2023 and 31 December 2023, and 1 January 2024	1,565,632,098	962
Cancellation of shares	(32,401,000)	(23)
At 31 December 2024	<u>1,533,231,098</u>	<u>939</u>

No ordinary shares were repurchased or cancelled during the period ended 31 December 2023.

During the year ended 31 December 2024, 78,897,000 ordinary shares were repurchases, of which 32,401,000 ordinary shares have been cancelled as at 31 December 2024. The total amount paid to acquire the shares was approximately RMB80,221,000 during the year.

17. CAPITAL COMMITMENTS

Capital expenditure contracted for but not accounted for at the end of the Reporting Period in the financial statements is as follow:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Commitments for the acquisition of:		
Property, plant and equipment	<u>25,633</u>	<u>36,052</u>

FINANCIAL REVIEW

Overview

	For the year ended December 31,		Change
	2024	2023	
	RMB'000	RMB'000	
Revenue			
— Infusion Set Business	286,646	281,063	2.0%
— Blood Purification Business	482,257	394,021	22.4%
— Regenerative Medical Biomaterials Business	—	—	
Total Revenue	768,903	675,084	13.9%
Gross profit	419,448	380,897	10.1%
Gross profit margin	54.6%	56.4%	
Profit for the year	192,522	205,023	−6.1%
Profit attributable to owners of the Company	150,780	153,184	−1.6%
Adjusted profit for the year ⁽¹⁾	233,469	212,398	9.9%
Adjusted Profit attributable to owners of the Company ⁽¹⁾	<u>172,355</u>	<u>157,372</u>	<u>9.5%</u>

Note:

- (1) Please refer to the section entitled “Non-HKFRS Measure — Adjusted Net Profit and Adjusted Profit Attributable to Owners of the Company” for more information about the non-HKFRS measures.

Revenue

The total revenue of the Group increased by 13.9% from approximately RMB675.1 million in 2023 to approximately RMB768.9 million in 2024, mainly as a result of the increase in sales of the Blood Purification Business.

Revenue from the Blood Purification Business for the year ended December 31, 2024 amounted to approximately RMB482.3 million, representing an increase of 22.4% compared to approximately RMB394.0 million in 2023. The increase was mainly due to higher sales volumes driven by the increased market demand and the expansion of sales network for core products, in particular a rapid growth in export sales and sales of hemoperfutor products, partially offset by the minor decrease in unit selling price.

Revenue from the Infusion Set Business amounted to approximately RMB286.6 million for the year ended December 31, 2024, representing an increase of 2.0% from 2023. The increase was mainly due to the increase in sales of cannula and other infusion care products.

Gross Profit

The Group's gross profit increased by 10.1% from approximately RMB380.9 million in 2023 to approximately RMB419.4 million in 2024. The gross profit margin decreased from 56.4% in 2023 to 54.6% in 2024, which was mainly due to the decrease in average unit selling price of blood purification products.

The gross profit margin of the Blood Purification Business decreased from 53.4% in 2023 to 51.0% in 2024, which was mainly due to the decrease in the ex-factory prices of hemodialysis products, which resulted from the decrease in terminal sales prices caused by the implementation of volume-based procurement in 2024.

The gross profit margin of the Infusion Set Business slightly decreased from 60.7% in 2023 to 60.5% in 2024, which was mainly due to the minor decrease in the unit selling price.

Selling and Marketing Expenses

Selling and marketing expenses increased by 10.5% from approximately RMB76.1 million in 2023 to approximately RMB84.1 million in 2024. This increase was attributable to the increase in selling and marketing expenses incurred by the Blood Purification Business, partially offset by the slight decrease in selling and marketing expenses incurred by the Infusion Set Business.

Selling and marketing expenses of the Blood Purification Business increased by 39.1% from approximately RMB25.4 million in 2023 to approximately RMB35.3 million in 2024, which was mainly due to (i) the share-based compensation expenses amounted to approximately RMB5.7 million for the Reporting Period resulting from implementation of the stock incentive plan by Sichuan Ruijian Medical in 2024, while no such expenses incurred for the year ended December 31, 2023; and (ii) increased staff remuneration.

Selling and marketing expenses of the Infusion Set Business slightly decreased from approximately RMB50.7 million in 2023 to approximately RMB48.8 million in 2024 due to the decrease in promotion expenses as a result of efficient cost control.

General and Administrative Expenses

General and administrative expenses increased by 31.7% from approximately RMB119.0 million in 2023 to approximately RMB156.8 million in 2024. The increase was mainly attributable to the increase in administrative expenses incurred by the Blood Purification Business and the Regenerative Medical Biomaterials Business.

The general and administrative expenses of the Blood Purification Business increased by 37.0% from approximately RMB50.8 million in 2023 to approximately RMB69.6 million in 2024. The increase was mainly due to (i) the share-based compensation expense amounted to approximately RMB12.0 million

as a result of the implementation of the stock incentive plan by Sichuan Ruijian Medical in 2024, no such expenses incurred for the year ended December 31, 2023, and (ii) the increase of approximately RMB4.5 million in professional service fees related to the Spin-off.

The general and administrative expenses of the Blood Purification Business included amortization and depreciation of fair value increments on assets identified and recorded in the Group's consolidated financial statements during the business combination accounting process under HKFRSs, which amounted to approximately RMB21.5 million for the year ended December 31, 2024 (approximately RMB21.5 million for the year ended December 31, 2023).

The general and administrative expenses of the Regenerative Medical Biomaterials Business increased by 118.8% from approximately RMB13.3 million in 2023 to approximately RMB29.1 million in 2024. The increase was primarily attributed to (i) the amortisation of the fair value increments on intangible assets identified and recognised during the business combination accounting process under HKFRSs, which increased by approximately RMB13.5 million from approximately RMB7.4 million for the year ended December 31, 2023 to approximately RMB20.9 million for the year ended December 31, 2024; and (ii) increased personnel expenses and other overheads associated with business development.

During the accounting process for the acquisition of Beijing Ruijian Biological, the Group recognised certain fair value increments on intangible assets which totaling approximately RMB793.7 million. These intangible assets relate to certain products under development as at the date of acquisition. The amortisation was calculated using the straight-line method over a 20-year period, commencing upon the Group obtaining registration certificate for the products. For the year ended December 31, 2023, only part of the intangible assets were amortised, with a fixed monthly amortisation of approximately RMB0.6 million recorded during the year as not all the relevant registration certificates were obtained. Starting from August 1, 2024, amortisation has commenced for all of the foresaid intangible assets with fair value increments, as Beijing Ruijian Biological had obtained the registration certificates for the relevant products and started preparing for the production and sales of such products. Accordingly, the fixed monthly amortisation (before income tax) increased to approximately RMB3.3 million from August 2024 onward.

The general and administrative expenses of the group headquarters and the Infusion Set Business increased by 5.8% from approximately RMB54.9 million in 2023 to approximately RMB58.1 million in 2024. The increase was the net result of: (i) the decrease of reversal of impairment loss on trade receivables from approximately RMB4.4 million in 2023 to approximately RMB2.7 million in 2024; (ii) the reversal of impairment loss on loan receivables amounted to approximately RMB4.7 million was recorded in 2023, while no such reversal incurred in 2024, and (iii) the decrease in professional services fee.

R&D Expenses

R&D expenses increased by 7.3% from approximately RMB41.1 million in 2023 to approximately RMB44.1 million in 2024, which was mainly due to the increase in R&D expenses incurred by the Blood Purification Business and the Regenerative Medical Biomaterials Business.

R&D expenses of the Blood Purification Business increased from approximately RMB15.9 million in 2023 to approximately RMB18.2 million in 2024. The increase was mainly due to increase in staff cost, which included the share-based compensation expenses amounted to approximately RMB0.3 million as a result of the implementation of the stock incentive plan by Sichuan Ruijian Medical in 2024.

R&D expenses of the Regenerative Medical Biomaterials Business increased from approximately RMB11.8 million in 2023 to approximately RMB12.7 million in 2024. The increase was mainly due to the increase in the number of new R&D projects, which have not reached the stage that R&D expenditures can be capitalised.

R&D expenses of the Infusion Set Business was approximately RMB13.2 million in 2024, which remained stable compared to approximately RMB13.4 million in 2023.

Other Gains — Net

Net other gains decreased by 5.5% from approximately RMB48.9 million in 2023 to approximately RMB46.2 million in 2024. The decrease was primarily the net result of (i) a one-off government subsidy for foreign investment enterprise amounted to RMB12.7 million granted to the Blood Purification Business in 2023, while no such subsidy was received in 2024; and (ii) the increase in other non-operating income.

Other gains include sample sales revenue from sales promotions generated by the Regenerative Medical Biomaterials Business for the year ended December 31, 2024.

Fair Value Loss on Investment Properties

Fair value loss on investment properties increased from approximately RMB0.06 million in 2023 to approximately RMB1.2 million in 2024. The fair value loss was mainly due to the decline of the rental market.

Operating Profit

Operating profit decreased by 4.2% from approximately RMB187.4 million in 2023 to approximately RMB179.5 million in 2024, mainly due to: (i) the decrease of the operating profit generated by the Blood Purification Business from approximately RMB137.4 million in 2023 to approximately RMB129.4 million in 2024 due to the increase in gross profit offset by decrease in one-off government subsidies, increase in share-based compensation expenses and increase in professional service fee related to the Spin-off; (ii) the increase in the operating loss generated by the Regenerative Medical Biomaterials Business from approximately RMB25.0 million in 2023 to approximately RMB41.4 million in 2024 due to the increase in straight-line method amortisation expenses of the intangible assets related to the products obtaining licenses in 2024, while their respective sales are yet to be ramp up; and (iii) the increase in the operating profit generated by the group headquarters and the Infusion Set Business from RMB75.0 million in 2023 to approximately RMB91.5 million in 2024 due to the increase in gross profit and other gains.

Finance Income — Net

Net finance income increased by 15.1% from approximately RMB43.7 million in 2023 to approximately RMB50.3 million in 2024. The increase was mainly due to increase in the average balance of cash and bank balances and increase in interest rates of certain foreign currency deposits.

Income Tax Expenses

Income tax expenses increased by 43.0% from approximately RMB26.0 million in 2023 to approximately RMB37.2 million in 2024, which was mainly due to the profit decrease of certain subsidiaries subject to lower applicable tax rates, offset by the profit increase of certain entities subject to higher tax rates, which resulted in an increase in the overall effective tax rate of the Group for the period.

Profit for the Year and Profit Attributable to Owners of the Company

The profit for the year of the Group and profit attributable to owners of the Company was approximately RMB192.5 million and RMB150.8 million in 2024, representing a decrease of 6.1% and 1.6% from RMB205.0 million and RMB153.2 million in 2023, respectively. The decrease was mainly due to decrease of operating profit as discussed above, and increase of income tax expenses, partially offset by the increase of finance income.

Non-HKFRS Measure — Adjusted Net Profit and Adjusted Net Profit Attributable to Owners of the Company

To supplement our consolidated financial information which are presented in accordance with HKFRS, we set forth below our adjusted net profit and adjusted net profit attributable to owners of the Company, each a non-HKFRS measure, as additional financial measures.

Adjusted net profit and adjusted net profit attributable to owners of the Company is defined as profit for the year or profit attributable to owners of the Company, as adjusted by adding back (i) share-based compensation expenses of the Blood Purification Business; (ii) professional services fee relating to the Spin-off; (iii) amortization of fair value increments on intangible assets recognised in the acquisition of Beijing Ruijian Biological; and (iv) income tax effects of non-HKFRS adjustments.

We believe that the presentation of non-HKFRS measures facilitates comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items that the Group does not consider indicative of the performance of the business of the Group. We believe that this measure provides useful information to investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they help our management. However, the use of non-HKFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of the Group's results as reported under HKFRS. In addition, this non-HKFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

The following table sets forth the reconciliations of our non-HKFRS financial measures for the year ended December 31, 2024 and 2023 to the nearest measure prepared in accordance with HKFRS.

	For the year ended		
	December 31,		
	2024	2023	Change
	RMB'000	RMB'000	
Profit for the Year under HKFRS	192,522	205,023	–6.1%
Add:			
Share-based compensation expenses of the Blood Purification Business ⁽¹⁾	18,599	—	
Professional services fees related to the Spin-off	5,876	1,340	
Amortization of fair value increment on intangible assets recognised in the acquisition of Beijing Ruijian Biological ⁽²⁾	20,856	7,408	
Income tax effects of non-HKFRS adjustments above	<u>(4,384)</u>	<u>(1,373)</u>	
Adjusted net profit (non-HKFRS)	<u>233,469</u>	<u>212,398</u>	9.9%
Profit attributable to owners of the Company under HKFRS	150,780	153,184	–1.6%
Add:			
Share-based compensation expenses of the Blood Purification Business ⁽¹⁾	9,018	—	
Professional services fees related to the Spin-off	2,849	650	
Amortization of fair value increment on intangible assets recognised in the acquisition of Beijing Ruijian Biological ⁽²⁾	12,138	4,312	
Income tax effects of non-HKFRS adjustments above	<u>(2,430)</u>	<u>(774)</u>	
Adjusted net profit attributable to owners of the Company (non-HKFRS)	<u>172,355</u>	<u>157,372</u>	9.5%

Notes:

- (1) The item represents the expenses related to share-based payments granted to employees of the Blood Purification Business. On April 18, 2024, the stock incentive plan was approved at the general meeting of Sichuan Ruijian Medical. Under the stock incentive plan, a total of 6,332,340 shares of Sichuan Ruijian Medical (approximately 2.06% shareholding percentage of Sichuan Ruijian Medical) held by its shareholder and employee shareholding platform Ningbo Zhengyao Investment Management Center (Limited Partnership) (寧波正堽投資管理中心(有限合夥)) (“Ningbo Zhengyao”) will be granted to eligible employees of Sichuan Ruijian Medical. The exercise price per share granted is RMB1.783. All realised gains and corresponding yields of Ningbo Zhengyao will be distributed to the grantees.

The vesting period is from the date of grant until the end of fourth year following the successful initial public offering of Sichuan Ruijian Medical, and the fair value of the shares granted to employees less amount paid by employees is recognized as expenses over the vesting period.

For the year ended December 31, 2024, approximately RMB12.0 million, RMB5.7 million, RMB0.3 million and RMB0.5 million of share-based compensation expense was recognized as general and administrative expense, selling and marketing expense, R&D expense, and manufacturing overheads, respectively.

- (2) The item represents the amortisation of fair value increments on intangible assets identified and recognised through the business combination of Beijing Ruijian Biological. Please refer to the section headed General and Administrative Expenses for details of this item.

Trade and other Receivables

The Group's trade receivables primarily comprised the outstanding payment from credit sales. As of December 31, 2024, the trade and other receivables of the Group was approximately RMB166.8 million, representing a decrease of approximately RMB13.6 million as compared to approximately RMB180.4 million as of December 31, 2023, which was mainly due to the decrease in trade and other receivables of the Blood Purification Business and the Infusion Set Business.

Trade and other receivables of the Blood Purification Business decreased from approximately RMB48.6 million as of December 31, 2023 to approximately RMB35.4 million as of December 31, 2024, mainly due to the improvement in the collection of overseas trade receivables.

Trade and other receivables of the group headquarters and the Infusion Set Business decreased from approximately RMB130.9 million as of December 31, 2023 to approximately RMB129.9 million as of December 31, 2024, mainly due to the improvement in the collection of trade receivables.

The Group has selected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and established a provision matrix that was based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group reviews the financial performance of the customers with long aging receivables periodically and revises the credit terms granted to the customers based on credit risk analysis. Besides review of account receivables, the management may also use letter of collection and lawyer's letter to collect the receivables. The Group would also negotiate with customers to explore the use of debt agreement if there are higher risk of recoverability. In some circumstances, the internal legal department of the Group would be involved in collection of receivables to explore the availability of legal actions, and to issue formal communication to the customer before escalating the actions. Out of the trade receivables aged over 6 months that amounted to approximately RMB29.8 million at December 31, 2023, a total of approximately RMB23.7 million was subsequently received up to December 31, 2024.

As at December 31, 2024, the Group had made loss allowances of approximately RMB19.1 million (as at December 31, 2023: RMB21.7 million) on the trade receivables with a gross amount of approximately RMB92.0 million (as at December 31, 2023: RMB96.2 million).

Inventories

Inventories decreased by 11.9% from approximately RMB136.6 million as at December 31, 2023 to approximately RMB120.3 million as at December 31, 2024, which was mainly due to the decrease in inventories of the Blood Purification Business, partially offset by the slight increase in inventories of the Regenerative Medical Biomaterials Business due to the preparation for the upcoming commercial sales.

Inventories of the Blood Purification Business decreased from approximately RMB98.9 million as at December 31, 2023 to approximately RMB79.4 million as at December 31, 2024, which was mainly due to (i) a total of approximately RMB10.2 million spare parts were used for construction of hemodialyzer production line; and (ii) the faster inventory turnover to meet increased sales orders.

Property, Plant and Equipment

Property, plant and equipment mainly include buildings and facilities, machinery and equipment and construction in progress. As at December 31, 2024, the property, plant and equipment of the Group amounted to approximately RMB891.7 million, representing a decrease of approximately RMB15.2 million as compared to approximately RMB906.9 million as at December 31, 2023. The decrease was mainly the net result of purchase of new production facilities, construction in production line and the depreciation.

Investment Properties

Investment properties, mainly comprising factories and offices which are held by the Group for long-term rental yields. As at December 31, 2024, the investment properties of the Group amounted to approximately RMB262.9 million, representing a decrease by approximately RMB2.0 million as compared to approximately RMB264.9 million as at December 31, 2023. The minor decrease was mainly due to the disposal of certain redundant investment property during the year and the fair value loss on the remaining investment properties. The detailed information regarding the investment properties could be found in Note 10 to the consolidated financial information.

Intangible Assets and Goodwill

The Group's intangible assets mainly include development cost, technology know-how, trademarks, computer software and customer relationship. The Group's goodwill, technology know-how, trademarks and customer relationships are mainly identified and recorded during the business combination accounting process for the acquisitions of subsidiaries. The intangible assets are amortised with straight line method for 5–20 years. The goodwill is subject to impairment test at each period end.

As at December 31, 2024, the net value of the Group's intangible assets and goodwill was approximately RMB1,632.4 million, representing a decrease of RMB28.7 million as compared to approximately RMB1,661.1 million as of December 31, 2023. The decrease was primarily the net result

of amortisation of the intangible assets which amounted to approximately RMB44.3 million (2023: RMB30.1 million) and addition of capitalised development costs which amounted to approximately RMB15.6 million (2023: RMB34.6 million) during the year ended December 31, 2024.

Loan Receivables

As at December 31, 2024, the Company's gross amount of loan receivable was RMB300.0 million which includes a loan granted to an independent third party in April 2023 as disclosed in the announcement of the Company dated April 20, 2023 and a loan granted to an independent third party in September 2023 and extended in May 2024 as disclosed in the announcement of the Company dated September 5, 2023 and May 31, 2024, respectively. The detailed information regarding the loan receivable, including the collaterals and key terms, could be found in Note 11 to the consolidated financial information for the year ended December 31, 2024.

Non-current Financial Assets

As at December 31, 2024, the Group's non-current financial assets was approximately RMB46.5 million (December 31, 2023: RMB61.3 million). The decrease was mainly due to the decrease in the fair value of the Group's investment in the H shares of Lepu Biopharma Co., Ltd. as a result of decline in its share price.

Financial Resources and Liquidity

As at December 31, 2024, the Group's cash and bank balances amounted to approximately RMB1,682.0 million (December 31, 2023: RMB1,589.7 million). As at December 31, 2024, the Group's bank borrowing balance was RMB5.8 million (December 31, 2023: nil).

The Board is of the opinion that the Group is in a healthy financial position and has sufficient resources to support its operations and meet its foreseeable capital expenditures.

Pledge of Assets

During the year ended December 31, 2024, the Group did not enter into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third party. The Group did not have any interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to it or engages in leasing or hedging, R&D or other services with it.

Commitments

As of December 31, 2024, the Group had a total capital commitment of approximately RMB25.6 million (December 31, 2023: RMB36.1 million), comprising mainly contracted capital expenditure for acquisition of property, plant and equipment.

Capital Expenditure

During the year ended December 31, 2024, the Group incurred capital expenditure of approximately RMB46.3 million (2023: RMB39.5 million) construction in progress including facilities and production lines and expenditure of RMB25.8 million (2023: RMB42.4 million) on the purchase of property, plant and equipment as well as intangible assets.

Gearing Ratio

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as total borrowing divided by total capital. Total borrowing is non-current bank borrowing as shown in the condensed consolidated statement of financial position. Total capital is calculated as “total equity” as shown in the condensed consolidated statement of financial position plus total borrowing.

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Total borrowing	5,800	—
Total equity	4,803,368	4,824,985
Total capital	4,809,168	4,824,985
Gearing ratio	<u>0.12%</u>	<u>0.00%</u>

Foreign Exchange Risk

The Group mainly operates its business in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Foreign exchange risk mainly arises from foreign currencies held by certain overseas subsidiaries. The Group did not hedge against any fluctuation in foreign currency during the year ended December 31, 2024. Management may consider entering into currency hedging transactions to manage the Group's exposure towards fluctuations in exchange rates in future.

Cash Flow and Fair Value Interest Rate Risk

Other than bank balances with variable interest rates, and the loan receivables with fixed interest rate, the Group has no other significant interest-bearing assets. The management does not anticipate any significant impact to interest-bearing assets resulting from the changes in interest rates because the interest rates of bank balances are not expected to change significantly.

The Group's interest rate risk arises from bank and other borrowings. Borrowing issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively.

As at December 31, 2024, it was estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would decrease or increase the Group's profit for the year by approximately RMB49,300 (for the year ended December 31, 2023: RMB0).

The sensitivity analysis above has been determined by assuming that the change in interest rates had occurred at the end of the Reporting Period and had been applied to the exposure to interest rate risk for the borrowings in existence on that date. The increase or decrease of the 100 basis points represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

Contingent Liabilities

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

Credit Risk

The carrying amounts of cash and cash equivalents, trade and other receivables and loan receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problems.

The credit risk of bank balances is limited because the counterparties are banks with good reputation and most of them are state-owned commercial banks in China or public listed companies. Most of the bank deposits of the Group are placed with commercial banks with an acceptable credit rating.

For trade and other receivables and loan receivables, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Most of trade and other receivables balances are due from state-owned enterprises or major customers with good repayment history. There was no material default of the balances in the past. Details of the Group's trade and other receivables credit management are also discussed above under the heading of "Trade and Other Receivables".

EMPLOYEES

The Group had approximately 1,415 employees as at December 31, 2024, as compared to 1,244 employees as at December 31, 2023. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits, liabilities for breaches and grounds for termination.

Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the Board based on their merit, qualification and competence.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has from time to time, repurchased the shares of the Company on the open market during the twelve-month period from June 3, 2024, subject to market conditions and pursuant to the general mandates granted to Board to repurchase shares on the Stock Exchange of not exceeding 10%

of the total number of shares of the Company in issue as at the dates of the annual general meetings of the Company held on June 6, 2023 and June 14, 2024 respectively (the “**Repurchase Mandates**”). Pursuant to the Share Repurchase Scheme, the Board plans to use up to HK\$150 million (inclusive of tax and transaction fees) to conduct on-market share repurchase. The Board has designated specific staff of the Company to implement the Share Repurchase Scheme, subject to market conditions and pursuant to the Repurchase Mandates. The timing, price and amount of repurchases will be determined based upon market conditions and other factors. For further details, please refer to the relevant announcement of the Company dated June 3, 2024.

During the year ended December 31, 2024 and up to the date of this announcement, the Company has repurchased on the Stock Exchange a total of 78,897,000 shares of the Company (the “**Shares Repurchased**”) at a total consideration of approximately HK\$86,834,290. Details of the Shares Repurchased are summarized as follows:

Month of repurchase	Total number of Shares Repurchased	Repurchase price per share		Aggregate consideration HK\$
		Highest HK\$	Lowest HK\$	
June 2024	5,072,000	1.09	1.03	5,349,030
July 2024	17,981,000	1.21	1.01	20,671,040
August 2024	0	N/A	N/A	N/A
September 2024	22,129,000	1.16	1.06	24,781,280
October 2024	14,125,000	1.19	1.07	15,909,660
November 2024	14,471,000	1.07	1.00	14,906,830
December 2024	5,119,000	1.04	1.00	5,216,450
January 2025	0	N/A	N/A	N/A
February 2025	0	N/A	N/A	N/A
March 2025	0	N/A	N/A	N/A
(up to the date of this announcement)				

As at the date of this announcement, a total of 32,401,000 Shares Repurchased have been cancelled, out of which 2,633,000, 1,800,000, 18,620,000 and 9,348,000 Shares Repurchased were cancelled on June 28, 2024, July 4, 2024, August 15, 2024 and November 4, 2024, respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares) during the year ended December 31, 2024 and up to the date of this announcement.

As at December 31, 2024 and up to the date of this announcement, the Company holds 46,496,000 treasury shares.

2025 ANNUAL GENERAL MEETING

The Company's forthcoming annual general meeting will be held on June 10, 2025 (the "**2025 AGM**").

For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from June 5, 2025 to June 10, 2025, both days inclusive, and during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2025 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on June 4, 2025.

FINAL DIVIDEND

In light of the solid financial performance of the Group for the year ended December 31, 2024 and in appreciation of the shareholders' continuing support, the Board has recommended the payment of a final dividend of HK5.3 cents per share for the year ended December 31, 2024 (for the year ended December 31, 2023: HK4.95 cents per share). Together with the interim dividend of HK4.5 cents per share already paid, total dividend for the full year of 2024 amounted to HK9.8 cents per share.

For determining the entitlement to the proposed final dividend for the year ended December 31, 2024, the register of members of the Company will be closed from July 7, 2025 to July 9, 2025, both days inclusive, and during which period no transfer of shares of the Company will be registered. In order to qualify for the final dividend, unregistered holders of shares should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on July 4, 2025.

Subject to the shareholders' approval at the 2025 AGM, the final dividend will be payable on July 25, 2025 to shareholders whose names appear on the register of members of the Company at the close of business on July 9, 2025. Such declaration of final dividend demonstrates the Company's commitment to delivering shareholder returns as well as its optimism about the Group's business prospects.

As at the date of this announcement, the Company held a total of 46,496,000 treasury shares (including treasury shares held or deposited with the Central Clearing and Settlement System). Such treasury shares will not receive the recommended dividend.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted the code provisions as set out in the “Corporate Governance Code” (the “**Code**”) as contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the Code during the year ended December 31, 2024, with the exception of code provision C.2.1 of the Code.

According to code provision C.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same person. Currently, Ms. Yue’e Zhang performs both the roles of the chairman of the Board and the chief executive officer of the Company. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group’s business strategies which is in the best interests of the Company. Under the leadership of Ms. Yue’e Zhang, the Board works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by each of the Directors and the Group’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company’s securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the year ended December 31, 2024. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year ended December 31, 2024.

REVIEW OF FINANCIAL STATEMENTS

Audit Committee

The Audit Committee of the Company (comprising Mr. Wang Xiaogang, Mr. Chen Geng and Mr. Lin Junshan) has reviewed with the Group's management the consolidated financial information of the Group for the year ended December 31, 2024, including accounting principles and practices adopted by the Group, and discussed risk management and internal controls and financial reporting matters.

Review of Preliminary Announcement of Results by the Independent Auditor

The figures in respect of the Group's results for the year ended December 31, 2024 as set out in this announcement have been agreed by the Company's independent auditor, BDO Limited, in relation to the amounts set out in the Group's consolidated financial statements for the year ended December 31, 2024. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by BDO Limited on this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.pwmedtech.com. The annual report of the Company containing all the information required by the Listing Rules will be dispatched (if requested) to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business partners for their trust and support.

By Order of the Board
PW Medtech Group Limited
Yue'e Zhang
Chairman & Chief Executive Officer

Hong Kong, March 28, 2025

As at the date of this announcement, the Board comprises one executive Director, namely, Ms. Yue'e Zhang; two non-executive Directors, namely Mr. Jiang Liwei and Mr. Lin Junshan; and three independent non-executive Directors, namely, Mr. Wang Xiaogang, Mr. Chen Geng and Ms. Wang Fengli.