

ACOTEC

先瑞達醫療科技控股有限公司
Acotec Scientific Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6669

2024

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT



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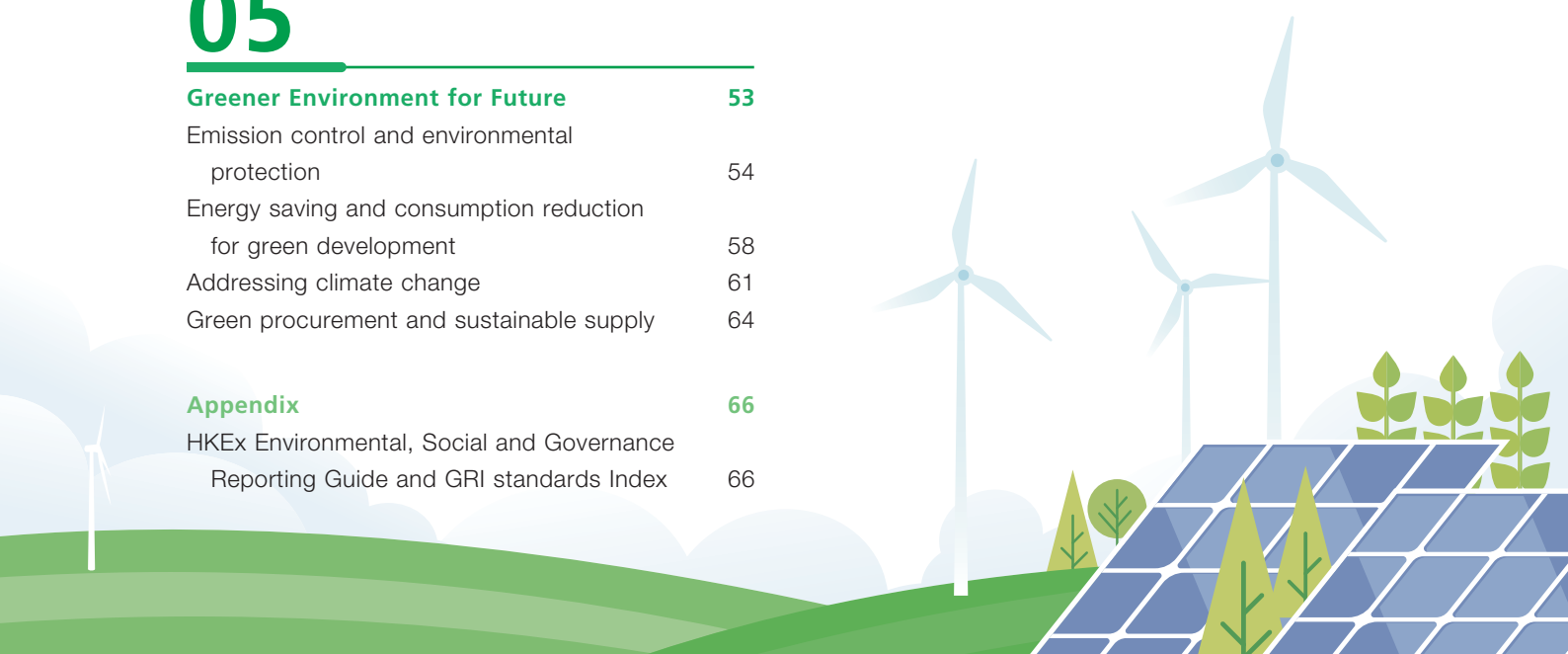
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About the Report



This is the fourth Environmental, Social and Governance Report (“ESG Report”) issued by Acotec Scientific Holdings Limited (the “Company”, “Acotec” or “We”) and together with its subsidiaries (the “Group”). The report mainly introduces the Company’s management policies in environmental, social and governance aspects and the specific management measures taken during the Reporting Period, aiming to strengthen the communication and contact with the Company’s internal and external stakeholders.

REPORTING SCOPE

The scope of this report covers Acotec Scientific Holdings Limited and its main domestic and foreign subsidiaries and offices. The Corporate Environmental, Social and Governance Report is an annual report covering the period from 1 January 2024 to 31 December 2024.

REPORTING PRINCIPLES

This report has been prepared in accordance with the following reporting principles:

Materiality

Key ESG issues are identified through materiality assessment and relevant content has been disclosed in the ESG report;

Quantitative

Quantitative information on environmental and social aspects is presented in the ESG report, together with a description of its purpose and impact. Comparative data will be provided in subsequent ESG reports;

Consistency

We use consistent disclosure and statistical methods. In this report, we have maintained the same disclosure and statistical methods for the information disclosed in the previous year’s report. For the information disclosed for the first time, we will adopt consistent methods for ESG information disclosure in subsequent years to facilitate meaningful comparison year by year.

REPORTING PREPARATION BASIS

This report has been prepared with reference to the requirements of the *Environmental, Social and Governance Reporting Guidelines* of the Stock Exchange of Hong Kong Limited (“HKEx”) as set out in Appendix C2 to the Listing Rules, GRI’s Sustainability Reporting Standards (“GRI Standards”), and MSCI-ESG ratings.

ACCESS AND RESPONSE TO THE REPORT

This report is published in English and Chinese versions respectively via the internet. Stakeholders may access this report on the website of the Company (www.acotec.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk). In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

CONTACT US

We attach great importance to the views of stakeholders and the public on this report. If you have any inquiries or suggestions, please feel free to contact the Company through the following method.

Headquarter Location: 4-5F, Building 1, No. 16 Hongda North Road, Beijing Economic and Technological Development Zone, Beijing, China

Principal place of business in Hong Kong: 19/F, Golden Centre, 188 Des Voeux Road Central, Hong Kong

Company website: www.acotec.cn

Contact email: ir@acotec.cn

About Us

Acotec Scientific Holdings Limited is a global leading medical technology company focusing on the development and application of technology platforms for vascular interventional treatments. Leveraging our four unique technology platforms — drug-coating technology, radiofrequency ablation technology, polymer material technology, and aspiration platform technology — Acotec is committed to pursuing innovation to identify unmet clinical needs, provide innovative solutions for doctors and patients, and deliver trustworthy products.

Based on the extensibility and efficiency of the four technology platforms, and our “leave nothing behind” treatment philosophy, Acotec has developed over 30 product pipelines, offering minimally invasive endovascular interventional solutions for four major fields: vascular surgery, cardiology, nephrology, and neurology. As of December 31, 2024, Acotec had launched 21 competitive products in the market. These include the world’s first Below-The-Knee Drug-Coated Balloon (AcoArt Tulip® & Litos®, hereinafter referred to as “BTK DCB”), which received regulatory approval based on clinical trial results; China’s first Above-The-Knee Drug-Coated Balloon (AcoArt Orchid® & Dhalia®, hereinafter referred to as “ATK DCB”), the first domestic brand Peripheral Thrombus Aspiration System (AcoStream®), and a complete Radiofrequency Ablation System (AcoArt Cedar®), among others.

Through these diversified product portfolios, Acotec will continue to innovate clinical therapies for vascular intervention to help combat vascular diseases. Going forward, we will continue to pursue our goal of becoming a world-leading enterprise in the field of medical technology, provide better solutions for systemic vascular interventional therapy for the doctors and patients around the world, and enable patients to enjoy better clinical benefits and a higher quality of life in the long term.

The Company possesses a number of domestic and foreign core intellectual property rights. We aim to provide innovative, technological products to medical workers so that they can provide better treatment solutions to patients. Meanwhile, we are committed to building a brand that is “made in China, world-leading” brand. Currently, in addition to the Chinese market, our business extends to multiple countries and regions across Asia, Europe, and other parts of the world.

Corporate Positioning

Reliable innovative medical technology platforms

Corporate Mission

Maintain our commitment to achieving long-term clinical benefits and improving the life quality of patients

Corporate Vision

Combat vascular diseases and become one of global leaders among medical technology enterprises

● Maintain respect for clinical facts and evidence

Aim to deliver long-term clinical benefits, respect facts and evidence, and explore unmet clinical needs, with the goal of offering more solutions for the treatment of vascular diseases

● Constantly pursue innovation

Adhere to reliable innovative ideas while also maintaining an imaginative perspective, with a view to continuously providing new treatment methods and reliable products and opening up the next frontier of vascular interventional treatment

● Improve health outcomes

Deliver new treatment methods and reliable products to doctors and patients and improve holistic vascular disease treatments so that more patients with vascular diseases can return to a healthy and high-quality life

About Us

APPROVED PRODUCTS OVERVIEW

Vascular Surgery



Peripheral Drug-coated Balloon
(ATK DCB)
(AcoArt Orchid® & Dhalia®)



Peripheral Drug-coated Balloon
(BTK DCB)
(AcoArt Tulip® & Litos®)



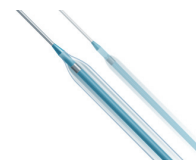
Radiofrequency Ablation System
(AcoArt Cedar®)



Peripheral Aspiration System
(AcoStream®)



2nd Gen Peripheral Aspiration System
(2nd Gen AcoStream®)



Peripheral PTA Balloon
(AcoArt Iris® & Jasmin®)



Peripheral PTA Balloon
(AcoArt Lily® & Rosmarin®)



Peripheral Support Catheter
(Vericor®)



Peripheral PTA Balloon
(P-Conic®)



the Delivery Catheter
for Aspiration Catheter



Introducer Sheath Set
(Acotrace)



About Us

Cardiology



Semi-compliant PTCA Balloon
(YAN)



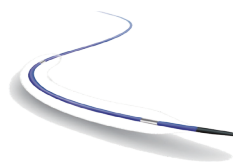
Coronary CTO Recanalization Balloon
(RT-Zero®)



Coronary CTO Antegrade
Micro-Catheter
(Vericor-14®)



Coronary CTO Retrograde
Micro-Catheter
(Vericor-RS®)



Coronary High-Pressure Balloon
(YIYAN)



Cardiac Valve Balloon
(RunFlow®)



Paclitaxel-Eluting Coronary Balloon
(AcoArt Camellia®)



Coronary Micro-Catheter
(Vericor-S2®)

Nephrology

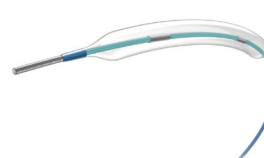


Paclitaxel Coated High-Pressure
Balloon
(ACOART AVENS®)



AV Scoring Balloon
(Peridge®)

Neurology



Intracranial PTA Balloon
(NEO-Skater®)



Chairperson's Statement

The persistent reach far, and still waters run deep. This marks our fourth ESG report, yet our commitment to sustainable development has spanned fourteen years. Since our founding, we have placed great emphasis on fulfilling our responsibilities in corporate governance, environmental protection, and social responsibility.

In 2024, we continued to optimize and enhance our capabilities in the production and R&D of innovative product, quality management, talent management, and environmental protection, thereby adding momentum to our sustainable development. Under these efforts, the Company achieved historic breakthroughs in its development over the past year.

● Innovation-driven Production and R&D



In 2024, we launched a total of seven products to the market, covering the treatment of vascular diseases throughout the entire human body. Innovation has always been the cornerstone of our R&D efforts. Since the launch of our ATK DCB, we have been known in the industry as the “first domestic ATK DCB.” Subsequently, the approval and launch of our BTK DCB, labeled as the “world’s first and only,” further solidified our reputation as an innovative enterprise. Our corporate slogan, “Trusted Innovation for Life,” reflects our commitment. Each of our innovative products is purposeful and carefully designed, which have not only been put into production but also applied in clinical settings. Moving forward, we will continue to pursue innovation and bring more possibilities to the industry.

● Quality Assurance for Product Excellence



A mature quality management system and product safety are crucial for medical device companies. We have established a comprehensive product quality management system that integrates quality control into every stage of production and the entire product lifecycle, while implementing rigorous quality inspection procedures. The Company regularly conduct internal and external audits of our quality management system, update and revise internal quality standards and regulations in accordance with domestic and international industry regulations, and monitor each process in real-time to ensure the safety of every product we release to the market. During the Reporting Period, the Company did not have any product recalls. There was no material breach of product and service duties that had a significant impact on the Company, nor any recall of sold or delivered products due to any safety or health reasons.

● Optimizing Management Systems to Enhance Efficiency



The Company has established an ESG governance structure consisting of three levels: the Board of Directors for decision-making, the Business Development Department for coordination, and operational departments for execution. This structure ensures effective collaboration and coordination. The Company demonstrates robust ESG management, with clearly defined responsibilities across all departments that effectively support its sustainable development initiatives. In addition, the Company’s Management Department has established a sound internal control system and implemented control measures to reduce the occurrence of fraud. During the Reporting Period, we did not have any embezzlement lawsuits.

Chairperson's Statement

● Public Science Popularization to Promote Inclusive Healthcare



Since our establishment in 2011, We have remained at the forefront of the industry by consistently addressing unmet clinical needs through continuous innovation. This commitment has enabled the sustained introduction of breakthrough products to the market. We actively engage in social welfare initiatives and make continuous efforts in the field of public education. Last year, we conducted a total of 24 charity clinics, attracting nearly a thousand community residents. Coinciding with significant dates like World Diabetes Day, World Thrombosis Day, Teachers' Day, and Vascular Health Day, we published multiple popular science articles to disseminate professional medical knowledge in a manner that resonates with patient communities, enhancing public awareness and prevention of vascular diseases and contributing to the advancement of the Healthy China initiative.

● Green Operations for Sustainable Development



The Company adhere to the concept of green operations and actively respond to the call for low-carbon and sustainable development. We place great importance on the environmental impact of our company's operations and production. In terms of waste management, we emphasize reducing waste at the source. Regarding wastewater and atmospheric pollutant emissions, we ensure compliance with the emission standards. We have also taken several emission-reduction measures to decrease the pollutants emission.

Looking ahead, we will continue to uphold the philosophy of sustainable operations. We believe that with determination, success will follow. We will persist in our efforts in corporate governance, environmental protection, and social responsibility.

Once-in-a-lifetime encounter, we will continue to share our progress in the ESG journey with you, and we welcome your feedback and suggestions.

Thank you!

Chairperson of the Board, Executive Director and CEO

Jing LI

March 24, 2025





Board of Directors Statement

“

The Board of Directors (the “Board”) assumes sole responsibility for the Company’s environmental, social and governance (ESG) strategy and reporting. The Board is responsible for assessing and determining ESG-related risks and ensuring that the Company has proper and effective management and internal controls in place for ESG-related risks. The Board of Directors and all the directors of the Group hereby warrant that the contents of the ESG Report do not contain any false representations, misleading statements or material omissions and take joint and several liability for the truthfulness, accuracy and completeness of the contents.

The Board is the highest decision-making body for ESG management, and it is responsible for guiding the direction of the Company’s sustainable development, formulating the overall vision, goals and management strategies for the Company’s sustainable development, and reviewing the Company’s annual ESG report. Meanwhile, the relevant working groups under the Board are tasked with promoting the implementation of ESG work within the Company. By assessing the materiality of ESG issues, we have found that product quality management, R&D innovation and intellectual property management are ESG issues of high importance to the Company. As a leading innovative medical device company, we are steadily working to strengthen the Company’s product quality management, innovation and R&D capabilities, with the goal of continuously leading the industry and promoting the sustainable development of the Company.




Innovative research and development, product quality management and intellectual property management are of paramount importance to the Company. World-class technologies are the key to our success, and we have formed four segments of core technologies: drug-coating technology, radiofrequency ablation technology, polymer material technology, and aspiration platform technology. The Company mixes these four segments of leading technologies to generate synergies, which help us to enhance product quality and expand our presence in other innovative therapy sectors. Based on the principle of mutually beneficial cooperation and win-win outcomes, we integrate and share leading resources in partnership with various stakeholders, maximise shareholder value, deliver benefits to our customers, and share the fruits of Acotec’s development with our employees.

We are conscious of the opportunities and challenges brought to our operations by more stringent regulatory requirements and the trends towards green, safe and sustainable development in the industry. Going forward, we will continue to adjust our sustainable development management strategy and methods in accordance with stakeholder expectations and our operating conditions, and continuously improve the Company’s sustainable development.

”

2024: Achievements in Sustainable Development

We pay close attention to the evolving trends in global ESG guidelines and standards, monitor their impact on our operations, and proactively respond to them in our reports. In this year's ESG report, we have referenced the United Nations ("UN")' *Transforming our world: the 2030 Agenda for Sustainable Development*, focusing on 11 out of the 17 Sustainable Development Goals ("SDGs"). Here are the highlights of our achievements related to these goals in 2024:

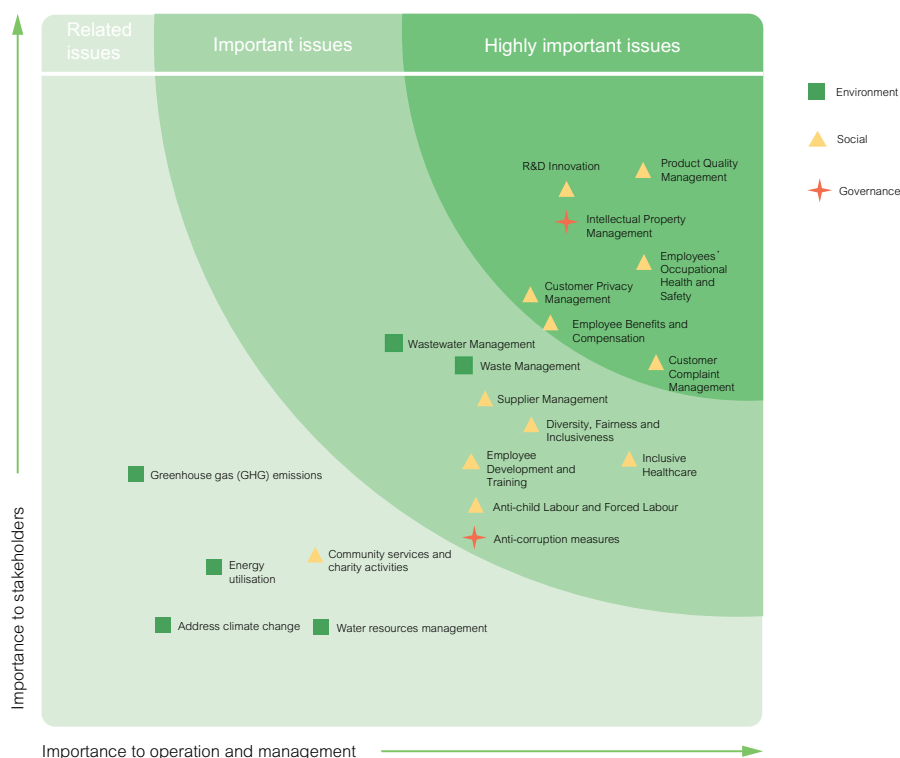
 <p>Trusted Innovation for Life</p>	  	<ul style="list-style-type: none"> • A strong in-house R&D team of 131 members • Organised a total of 67 R&D trainings covering all R&D employees • 306 registered and pending intellectual property rights • The Company has successfully achieved all annual quality objectives
 <p>Robust Governance for Development</p>		<ul style="list-style-type: none"> • Diverse composition of the Board of Directors, with over 50% female directors • Organised a total of 10 business ethics training sessions with 100% employee coverage
 <p>Extraordinary Employees for Growth</p>	    	<ul style="list-style-type: none"> • Female employees account for 62% • Employee training coverage rate reached 100%, with an average of 24 training hours per domestic employee • No injuries were recorded during 3.7 million consecutive working hours from 2021 to 2024
 <p>Warm Community for Harmony</p>	 	<ul style="list-style-type: none"> • Participated and supported 24 free medical clinics, attracting nearly 1,000 community residents to participate in • Readership of the science popularization articles has cumulatively exceeded 50,000 annually
 <p>Greener Environment for Future</p>	  	<ul style="list-style-type: none"> • Properly collected, stored and disposed of waste • Implemented measures to reduce hazardous waste and production wastewater discharge • Continued to promote localised procurement of raw materials in the supply chain

ESG Management

IDENTIFICATION OF MATERIAL ISSUES

After comprehensively considering the national macroeconomic policies, capital market focus, sustainable development reporting standards and peer benchmarking, we identified a total of 20 issues including 6 environmental issues, 12 social issues and 2 governance issues. We engaged an independent third-party organisation to understand stakeholders' rate on ESG issues' materiality and obtained their views and suggestions on the Company's sustainable development through an online questionnaire and stakeholders' interviews.

- 1 Identified material ESG issues for the Company through benchmarking against the HKEx ESG Reporting Guide and peer disclosures.
- 2 Conducted stakeholder engagement interviews to collect feedback on our sustainability practices and gather insights for future strategy development.
Prepared an online questionnaire to assess ESG material issues. Stakeholders were invited to rate materiality of relevant ESG issues.
- 3 Based on the stakeholder survey findings and the Company's development context, we assessed material issues in terms of "importance to stakeholders" and "importance to operation and management", then ranked the materiality of issues and generated a matrix.



Acotec Materiality Assessment Matrix

COMMUNICATION WITH STAKEHOLDERS

Based on the requirements of the HKEx ESG Reporting Guide and with reference to procedures for the materiality analysis of the Global Reporting Initiative (“GRI”), the Company gathered issues concerned to major stakeholders by questionnaires and interviews, and then analysed and ranked these issues so as to determine important corporate issues regarding environment, society, and governance and disclosed them in the ESG report.

Stakeholder	Expectations of Stakeholder	Mechanisms of Communication and Participation	Responses from the Company
Investors	<ul style="list-style-type: none"> • Increase the Company’s market value and profitability • Continuously improve the Company’s environmental and social responsibility performance 	General meeting of shareholders, information disclosure, company website	<ul style="list-style-type: none"> • Release reports regularly, disclose information truthfully and thoroughly and invest efforts in making achievements and profits • Improve corporate governance and risk management level, convene general meetings, enhance investor relations management and strive to improve environmental and social responsibility management
Customers	<ul style="list-style-type: none"> • High-quality products • Safeguard customer’s legitimate interests 	Sign contracts and agreements	<ul style="list-style-type: none"> • Provide high-quality products and services • Establish a sound customer service system and customer opinion feedback and complaints mechanism
Employees	<ul style="list-style-type: none"> • Uphold employee remuneration and benefits • Care for safety and health of employees • Offer equal promotion and development opportunities • Improve the Communication mechanism; engage in company management 	Employment contracts, labour union	<ul style="list-style-type: none"> • Strictly observe provisions within employment contracts, improve the remuneration and benefits system • Offer a safe and healthy work environment • Offer development paths for employees and organise staff training • Offer equal communication channels

ESG Management

Stakeholder	Expectations of Stakeholder	Mechanisms of Communication and Participation	Responses from the Company
Governments	<ul style="list-style-type: none"> Observe the law, operate in compliance with regulations, and in line with national policies 	Engage in relevant governmental meetings	<ul style="list-style-type: none"> Strict attention to relevant laws and regulations, continuously enhance corporate compliance management and comply with national policies
Suppliers	<ul style="list-style-type: none"> Have honest, fair and just cooperation, achieve mutual benefits and win-win results to promote industry development 	Sign contracts and agreements, and hold tender and bidding, and supplier meetings regularly	<ul style="list-style-type: none"> Actively perform the contracts and agreements by adhering to open and transparent business principles, adopt an open and transparent procurement model, and develop an accountable supply chain
Communities	<ul style="list-style-type: none"> Minimise the impact of production and operations on local communities Boost the development of local economy 	Participate in community activities, care for public health and organise health education events	<ul style="list-style-type: none"> Assist in health education activities Support free medical consultation activities

ESG RISK MANAGEMENT

RISK MANAGEMENT AND CONTROL MECHANISM

Acotec attaches great importance to the impact of future uncertainties on the Company's achievement of business goals and sustainable development, continuously improving the risk management system and internal control system. The Board is responsible for assessing and defining the Company's ESG-related risks and ensuring that the Company has an appropriate and effective ESG risk management and internal control system in place. We have established accountable functions led by the Finance Department responsible for establishing and operating compliance management and internal audit systems to ensure the robustness and effectiveness of risk management and internal control.

The Company has established the “Management Rules for Internal Control”, “Management Rules for Internal Audit”, and other management rules to cover various business processes. During the Reporting Period, the Company established or revised several internal control policies, including the Acotec Business Travel Policy, Operational Procedures for Local HCP Service Arrangements in China, Operational Procedures for Business Hospitality and Gift-Giving to HCPs in China, Acotec Market Activity Documentation Guidelines, and the Distribution Partner Policy. The Company has established a robust risk assessment system to continuously monitor operating risk, financial risk, market risk, policy and regulation risk, and ethical risk. We identify and assess risks faced by the Company and take necessary controls on a timely basis.

For sales processes involving distributors, Acotec has established a Distributor Registration OA process and created a distributor database. During the registration process, the Company will review the distributor's business license, qualifications, business permits, and operational status. Before signing a distribution contract, the distributor must complete the registration process to ensure they meet the necessary qualifications.

We utilize the OA system and the Ctrip Business Travel App to manage business travel activities and mitigate risks in process management. All employees are required to submit a “Travel Request Form” through the OA system for approval before they can proceed to book flights, hotels, and other travel-related arrangements via the Ctrip Business Travel App. Within the Ctrip Business Travel App, we have integrated the Company's travel standard controls and an approval process for any excesses, making cost control more direct and efficient. Additionally, we have set time limits for invoice reimbursement in the OA system to prevent the submission of long-overdue invoices and expense claims, thereby preventing costs from spanning across different accounting periods.

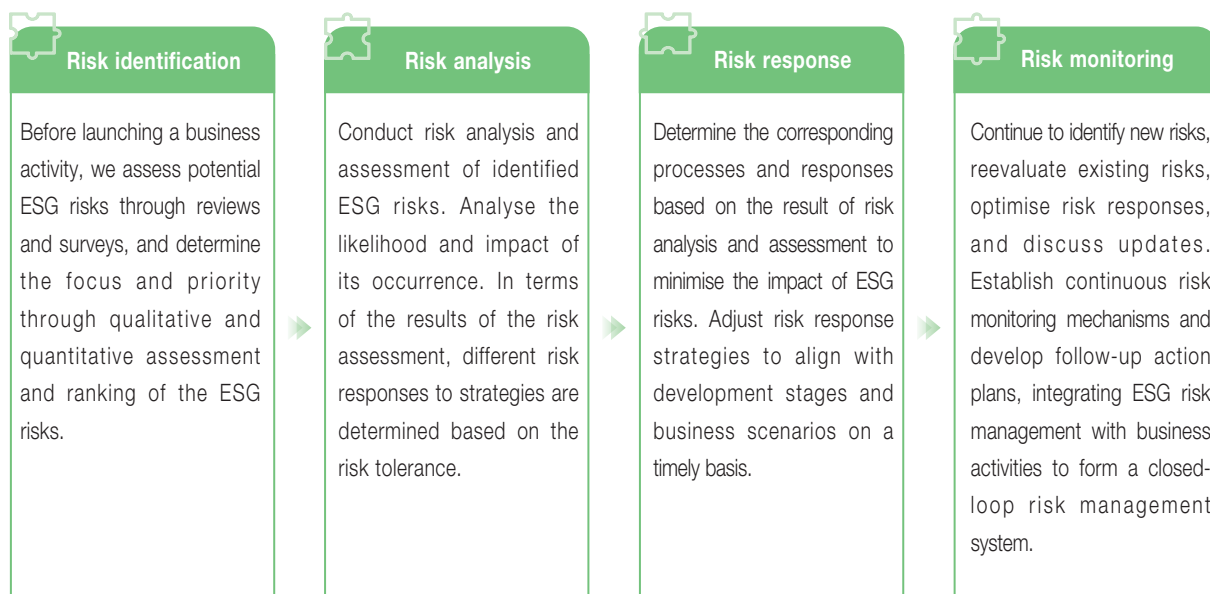
During the Reporting Period, Acotec engaged a third-party consulting firm to optimize the internal controls of the Company's procurement cycle and provide recommendations. Based on these recommendations, the Company, considering its own circumstances, drafted the “Acotec Procurement Management Policy” and the “Acotec Supplier Management Policy.” As of the date of publication of this report, the Company has completed the revision of the draft versions of these two policies, solicited feedback from relevant departments, and officially released them Company-wide. Additionally, the Company's OA system is in the process of developing procedures for supplier onboarding and management. Once implemented, these procedures will assist in the effective enforcement of the policies and promote the standardized execution of processes.

ESG Management

We organised training sessions specialising in risk awareness and internal control auditing, with a view to improving internal management skills. Furthermore, the Company has dispatched relevant responsible personnel to participate in various related activities, including the Compliance Management Training Conference for Pharmaceutical and Medical Device Enterprises, the Legal Compliance Summit for the Medical and Pharmaceutical Industry, and the Training Course on Compliance Management and Risk Control Theory and Practice. These engagements enable the Company to stay abreast of policy developments and ensure robust compliance practices within the organization.

To strengthen the Company's ESG risk management, we identify, analyse, respond, and monitor ESG risks, and gradually integrate ESG risk management with the Company's overall risk assessment system.

ESG risk management process



MATERIAL ESG RISKS AND RESPONSES

We identified the following top four ESG risks: product safety and quality risks; production safety risks; waste pollution and emissions risks; procurement integrity risks. We have taken measures in response to the identified risks.

ESG-related risks	Potential impacts and effects on Acotec	Measures to mitigate identified risks
Product safety and quality risks	If the Company's products encounter significant safety and quality issues, Acotec will face penalties such as fines and rectification orders, as well as reputational damage risks.	<ul style="list-style-type: none"> Set product quality goals Perform regular internal and external audits of the quality management system <p><i>For more details, please refer to the Responsible Production and Quality Assurance subsection under Trusted Innovation for Life.</i></p>
Production safety risks	Safety accidents may occur due to unclear safety production responsibilities, unimplemented measures and unavailable assessments.	<ul style="list-style-type: none"> Conduct regular safety training, including topics on safety handling and emergency response procedures for hazardous chemical products Conduct Regular environmental monitoring on job positions with potential occupational hazards <p><i>For more details, please refer to Fully protect employees in health and safety subsection under Extraordinary Employees for Growth.</i></p>
Waste pollution and emissions risks	In cases of non-compliance with the <i>Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes</i> , the Company will face fines and other penalties based on the severity of the incident.	<ul style="list-style-type: none"> Utilise compressed air instead of alcohol to clean products to reduce the generation of hazardous wastes, including alcohol As the steriliser technology advances, wastewater generated in the sterilisation process has been significantly reduced <p><i>For more details, please refer to the Emission Control and Environmental Protection subsection under Greener Environment for Future.</i></p>
Procurement integrity risks	If serious corruption incidents occur in procurement, the Company will experience decreased profitability, a crisis of trust, and increased internal management costs.	<ul style="list-style-type: none"> Organise regular anti-fraud training covering all employees Improve internal control procedure, establishing or revising relevant policies and operating procedures <p><i>For more details, please refer to the Green Procurement and Sustainable Supply subsection under Greener Environment for Future.</i></p>

Trusted Innovation for Life

Acotec focuses on R&D and manufacturing in the belief of “Trusted Innovation for Life” to provide diversified and innovative hi-tech products for vascular interventional treatment. We are also concerned about intellectual property protection to support the mutual development of the industry and enhancement of product quality. We have been actively responding to UN Sustainable Development Goals 3, 12 and 17.



1.1 R&D-LED INNOVATION

Upholding the original intention of providing the best treatment solutions for Chinese as well as global vascular disease patients, Acotec continuously introduces innovative products and has built a diverse product portfolio.








1.1.1 R&D PERSONNEL

The founders and senior management team of Acotec have an average of over 30 years of experience in the medical device industry, many of the Company's senior experts and research scientists have worked for Medtronic plc, Stryker Corporation, Invatec and other global leading medical device companies. Our employees have extensive experience in the R&D, manufacturing, and commercialisation of vascular disease treatment devices, enabling them to proactively identify clinical needs as well as market opportunities, and to advance efficient product R&D.

As of 31 December 2024, Acotec had a strong R&D team of 131 members, including 72 people with Master's degrees or above in the Chinese R&D team. In 2021, Acotec established a R&D center in the U.S., providing crucial support for the Company's new product development in the field of vascular intervention, and facilitating product registration and physician education efforts in the global market.

The Company's R&D team has a rich technical background covering materials science, mechanical design and manufacturing, chemistry, biomedical engineering, electronic science, automation and computer programming. The R&D team continuously provides the Company with innovative and forward-looking solutions. In 2024, We actively participated in campus recruitment events at several top-tier universities designated as the "985 Project" and the "211 Project. This has further bolstered our Company's talent reserves and supported our long-term success in research and innovation.

Technical background of the Acotec R&D personnel

						
Materials science	Mechanical design and manufacturing	Chemistry	Biomedical engineering	Electronic science and technology	Automation	Computer programming



Trusted Innovation for Life

Acotec R&D Department has designated training programs and provides both online and offline training sessions. Online training sessions aim to transfer professional knowledge, while offline training sessions aim to improve professional skills. We have designed eight course modules to conduct training on medical device design verification and sample size verification, FDA quality system regulations, ethylene oxide sterilisation and other related trainings to cultivate and improve our staff's capabilities in technical research and development.

During the Reporting Period, the Company organised a total of 67 R&D trainings, covering all R&D employees.



R&D training

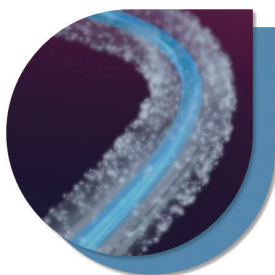
The eight training modules

Rules and Regulations	Quality Management
Technical Tools	Product Knowledge
R&D Materials	R&D design
Clinical Medical Knowledge	Project Management

1.1.2 R&D TECHNOLOGY PLATFORM

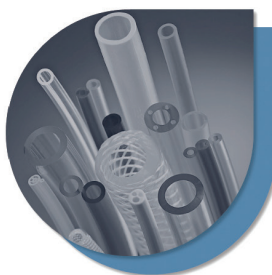
Acotec relies on four core technical platforms including drug coating technology, radiofrequency ablation technology, polymer material technology, and aspiration technology to create an interventional medical device platform with world-leading technology.

Four technology platforms



Drug-coating technology

- Paclitaxel drug coating
- Sirolimus drug coating



Polymer material technology

- Continuous support for product R&D
- The raw material micro-extrusions production line was officially put into operation in 2023, and self-produced raw materials are gradually replacing externally sourced materials.



Radiofrequency (RF) ablation technology

- The Company possesses proprietary radiofrequency ablation technology and continues to advance the technology through upgrades and iterations.



Aspiration technology

- The technology of aspiration category products is continuously upgraded and iterated, consistently enhancing product performance while optimizing costs.

Through the continuous accumulation of past technical experience and the ongoing adoption and application of new technologies, Acotec has consistently strengthened its technological competitiveness. On one hand, we have the capability to be a pioneer in launching ground-breaking products, securing a first-mover advantage in the market. On the other hand, we can continuously enhance our cost advantages through technological iterations and the optimization of processes and workflows.

Higher R&D efficiency

Accelerating product proofing cycles, increasing R&D trial-and-error opportunities, and promoting high-quality, efficient R&D

Know-how accumulation

After years of accumulation and innovation, Acotec has accumulated its proprietary technical know-how of R&D and production

Customization capabilities

Customised product parameters to meet the needs of different types of patients by leveraging in-house materials science

Stable supply of materials

Localizing raw material production can hedge against the risks of disruptions in international supply chains

1.1.3 R&D PROGRESS

In 2024, Acotec successfully launched seven new products to market, reaching a record high for annual regulatory-approved products. The new products include a coronary paclitaxel drug-coated balloon, a cardiac valve balloon dilation catheter, and several highly distinctive coronary microcatheters and balloon products. As of the date of this publication of this report, we have over 30 products in the pipeline across vascular surgery, cardiology, nephrology and neurology, with 22 of these products already approved for market release.



Acotec's Product Candidates in Pipeline

Department	Products and Product Candidates	Indications/Applications	Key Technologies	Area	Pre-clinical Studies	Clinical Studies	Phase	Registration	Upcoming Milestone
Vascular Surgery	AcoArt Orchid® & Dhalia® Orchid Plus★	Superficial femoral artery (SFA) and popliteal artery (PTA) disease	Drug coating technology	China	✓	✓	✓	NMPA Approval★	/
				EU	✓	✓	✓	CE★	/
	AcoArt Tulip® & Lilies★	Below-the-knee (BTK) artery disease	Drug coating technology	China	✓	✓	✓	NMPA Approval★	/
				EU	✓	✓	✓	CE★	/
				U.S.	✓	✓	✓	✓	/
	AcoArt Iris® & Jasmine®	PTA Balloon applied in PTA procedure	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	AcoArt Lily® & Rosemarin®	PTA Balloon applied in PTA procedure	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Peripheral Aspiration System (AcoStream®)▲	DVT, ALI	Aspiration platform	China	✓	✓	✓	NMPA Approval★	/
	Radiofrequency Ablation System (AcoArt Cedar®)	Saphenous varicose veins	RF platform	China	✓	✓	✓	NMPA Approval★	/
	Peripheral Support Catheter (Vericor®)▲	Peripheral CTO lesion	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
Cardiology	PTA Balloon (P-Conic®)▲	PTA	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Coronary Aspiration System (2nd Generation)▲	DVT, ALI	Aspiration platform	China	✓	✓	✓	NMPA Approval★	/
	Introducer Sheath Set (Acotrac®)▲	PTA	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Delivery Catheter for Aspiration Catheter▲	PTA	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Lower Limb Stentless DCB	SFA and FPA disease	Drug coating technology	China	✓	✓	✓	NMPA Approval★	/
	Peripheral Scoring Balloon	SFA and FPA disease	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Peripheral Coil	Embolization	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Peripheral Thrombectomy Device	DVT, ALI and PE	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Microguidewire▲	PTA	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Semi-compliant PTCA Balloon (VAN)	PTCA	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
Nephrology	Coronary CTO Recanalization Balloon (RT-Zero®)▲	Coronary CTO	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Coronary CTO Antegrade Micro-Catheter (Vericor-14®)▲	Coronary CTO	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Coronary CTO Retrograde Micro-Catheter (Vericor-RS®)▲	Coronary CTO	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Coronary High-Pressure Balloon (MYAN)	PTCA	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Cardiac Valve Balloon (RunFlow®)	TAVR	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	AcoArt Camellia® (DCB)	Coronary small vessel diseases	Drug coating technology	China	✓	✓	✓	NMPA Approval★	/
	Coronary Micro-Catheter (Vericor-S2®)▲	PCI	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Coronary Stentless DCB	Bifurcation lesions	Drug coating technology	China	✓	✓	✓	NMPA Approval★	/
	Coronary IVL System	Coronary lesion calcium	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	AcoArt Orchid® & Dhalia® Orchid Plus:: (DCB)	Anterovascular fistula stenosis	Drug coating technology	China	✓	✓	✓	NMPA Approval★	/
Neurology	Pacifaxal Coated High-Pressure Balloon (AcoArt AVENS®)	AVF PTA procedure	Drug coating technology	China	✓	✓	✓	NMPA Approval★	/
	AV Scoring Balloon (Peridge®)	AVF PTA procedure	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	High-Pressure Balloon Catheter	AVF PTA procedure	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	Intracranial PTA Balloon (Neo-Skater®)▲	Intracranial PTA procedure	Polymer materials	China	✓	✓	✓	NMPA Approval★	/
	AcoArt Veriberg® & Vinca® (DCB)	Intracranial atherosclerotic stenosis	Drug coating technology	China	✓	✓	✓	NMPA Approval★	/
	AcoArt Daisy® (DCB)	Intracranial atherosclerotic stenosis	Drug coating technology	China	✓	✓	✓	NMPA Approval★	/
				China	✓	✓	✓	NMPA Approval★	/
				China	✓	✓	✓	NMPA Approval★	/
				China	✓	✓	✓	NMPA Approval★	/
				China	✓	✓	✓	NMPA Approval★	/

★Core product ☆Indication expansion of core product ★Commercialization ▲Exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials (《免于进行临床试验医疗器械目录》) promulgated by the NMPA, as amended.

Note:

1. We have been continuously improving the performance of AcoArt Orchid® & Dhalia®. As advised by NMPA and as part of our business strategy, we decided not to register Orchid Plus as a separate product. Alternatively, we applied to register Orchid Plus as an upgrade version of AcoArt Orchid® & Dhalia® with improved delivery balloon catheter system, and received the revised NMPA approval for AcoArt Orchid® & Dhalia® in November 2021.
2. Coronary Micro-Catheter (Vericor-S2®) obtained the registration approval from the NMPA on January 20, 2025.

1.2 INDUSTRIAL COORDINATION AND MUTUAL DEVELOPMENT

To deepen innovative R&D and lead industrial development, we organised a series of events in 2024. On one hand, through the “Pioneer” series of activities and Acotec satellite meetings held at academic forums and conferences, we enhanced communication with the industry, elevated the recognition of the Acotec brand and products. On the other hand, we focused on the demand in lower-tier markets, with academic activities extending to prefecture-level and even county-level cities, strengthening interaction with local hospitals and doctors.

ACADEMIC FORUMS AND CONFERENCES

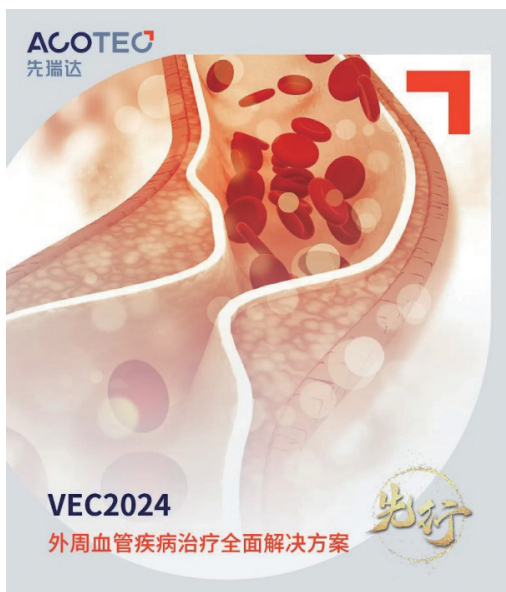
In 2024, Acotec participated in 12 national academic conferences and dozens of regional academic meetings including the 17th China Southern Endovascular Congress (SEC2024), the 15th China Endovascular Course (CEC2024), the 9th Vascular Innovation Symposium (VINNOVA2024), 2024 Peking University Vascular Intervention, the 2024 Vascular Conference of Peking Union Medical College Hospital and 22nd Endovascular Conference of China (22nd VEC), the 13th Shanghai JiaoTong University Vascular Disease Forum (SJVF2024), the 7th Northeast Vascular Congress, and the 8th East China Vascular Surgery Conference. Besides, we organized a series of online and offline activities such as “The Pioneer” Campaign and “China-chic Live Surgery” activities, which further enhanced the Company’s academic influence in the field of vascular diseases, fostered the communication and innovation of clinical treatment technologies.



Trusted Innovation for Life

In 2024, Acotec held a number of satellite meetings, inviting authoritative guests and attracting numerous experts, enterprises and interested participants. At these conferences, together with top experts and scholars from China and overseas, we had extensive and in-depth discussions on multiple fields, including the diagnosis and treatment of peripheral vascular diseases.

Representative Thematic Activities



“THE PIONEER” CAMPAIGN

“The Pioneer” is a series of academic events initiated and led by Acotec, the Campaign aims to promote and expand pre-emptive therapy of peripheral vascular disease treatment in China.

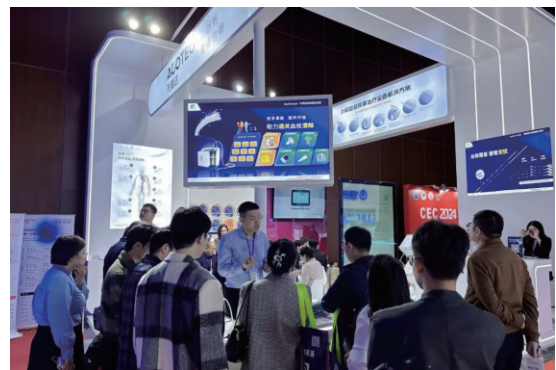
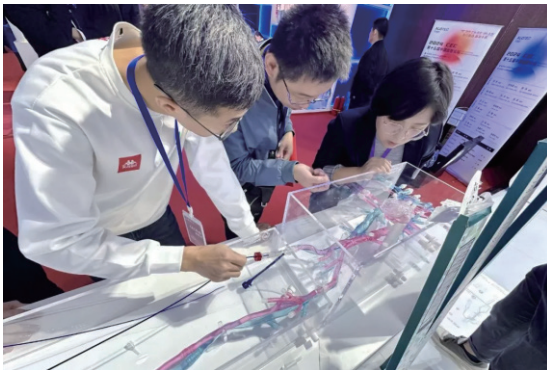
Throughout 2024, “The Pioneer” Campaign had been conducted in the form of arterial and venous thematic meetings within tripartite conferences. Additionally, we hosted a series of live surgical demonstrations under the theme of “China-Chic”. By setting diverse topics and providing standardised and guided training, we are promoting the overall development of the vascular disease treatment in China.

A Representative Event in Review

From October 31 to November 3, 2024, the 15th China Endovascular Course (CEC 2024) was grandly held in Beijing. Experts gathered to share the latest research findings and clinical experiences, engaging in in-depth exchanges and discussions that sparked intellectual insights and contributed to advancements in vascular medicine. Leveraging the platform of this conference, Acotec organized a series of vibrant academic events.

At the conference, Acotec showcased a range of newly-approved and flagship products, including the Introducer Sheath Set Acotrace, AcoStream® Aspiration Catheter, AcoArt Cedar® Endovenous Radiofrequency Ablation System, AcoArt family of drug-coated balloons, the full series of peripheral balloon dilatation catheters, the Vericor® Support Catheter, and the P-Conic® Tapered Balloon, among others.

The booth featured a collection of literature on drug-coated balloons, a vascular model simulating thrombus aspiration, and multiple product experience zones. Additionally, various interactive games were provided for attendees, bringing a great deal of pleasure while they explored and experienced the products hands-on.



1.3 PROTECTION AND MANAGEMENT OF INTELLECTUAL PROPERTY RIGHTS

Acotec strictly abides by intellectual property related laws and regulations and national standards, such as the *Trademark Law of the PRC*, the *Patent Law of the PRC*, the *Law of the PRC Against Unfair Competition*, and the *Enterprise Intellectual Property Management*. We have established comprehensive intellectual property portfolios in China and overseas to protect our know-hows, inventions, and proprietary technologies, and to propel future success through commercializing our products. The Company has developed management regulations related to intellectual property rights such as the “Company Patent Reward System”, the “Company Intellectual Property Management System”, the “Employee Confidentiality Agreement”, and the “Employee Severance Intellectual Property Agreement” to effectively manage and protect intellectual property rights, trademarks, copyrights, and technical secrets, and other intellectual property.

To encourage employees to innovate and apply for patents, the Company has established the “Company Patent Reward System” to reward inventors who have made outstanding contributions in technology innovation and protection. Different levels of bonuses are offered to holders of invention patents, utility model patents, and design patents.

The Company’s patent strategy spans the entire product lifecycle, encompassing feasibility analysis during project initiation, patent exploration and layered protection during the R&D phase, as well as global patent applications and subsequent maintenance. The Company prioritizes the protection of core technologies and deploys defensive patents, while achieving global coverage through the Patent Cooperation Treaty (PCT) and direct applications in key markets. Through patent monitoring and infringement response, we optimize our patent portfolio to maintain market advantages. The Company’s patent strategy is closely aligned with its business objectives, enhancing brand value. Additionally, we conduct training programs to strengthen intellectual property awareness among all employees, building a dynamic and efficient patent protection system that provides robust support for technological innovation and market competitiveness.

In 2024, the Company continues to maintain its qualifications for patent pre-examination and priority examination. As of 31 December 2024, we had obtained 57 patents, registered 162 trademarks, and acquired 15 copyrights. Furthermore, there are 42 patents and 30 trademarks in the process of application and registration. Acotec has applied for patents for the technologies involved in its core products, including three groups of pending and authorised patents amounting to 10 in total, covering drug-coating technologies, aspiration technologies and radiofrequency technologies.



99

Patents

(registered + pending)



192

Trademark

(registered + pending)



15

Copyright

(registered + pending
registered)

1.4 RESPONSIBLE PRODUCTION AND QUALITY ASSURANCE

A well-developed quality management system and product utilisation safety are important safeguards and critical topics for the production and operation of a medical device enterprise. Acotec has established a complete management system of product quality, so that strict quality inspection procedures have been implemented throughout the manufacturing and operations processes, and there is effective quality management throughout the entire life cycle of products.

1.4.1 QUALITY SYSTEM

Acotec strictly complies with the *Product Quality Law of the PRC*, the *Measures for the Supervision and Administration of Medical Device Manufacture*, the *Good Manufacturing Practice of Medical Devices*, the *Regulation on the Supervision and Administration of Medical Devices*; the *REGULATION (EU) 2017/745*; the *Brazilian laws RDC No. 665/2022*, the *RDC No. 23/2012*, the *RDC No. 67/2009*; and other laws and regulations, standards and guidelines. The Company has a Quality Management Department in place to perform quality management duties and formulate quality policies and quality targets.

The Company's quality management system spans the entire production process, encompassing product design and development, production control, supplier management, materials management, quality control, product release, marketing, and other processes. We have established a comprehensive management process from condition assurance before and during product production, deviations and abnormal events during production, as well as post-market management procedures after product launch.

Acotec adheres to the quality policy of "Pursuing Excellent Quality, and Safeguarding Life and Health", and adopts the *Medical Devices-Quality management Systems-Requirements for Regulatory Purposes GB/T 42061 (ISO13485:2016)* and the *Supervision and Administration of Medical Device Manufacturing* to set up the Company's quality management system, as well as establish, record, implement, maintain, and continuously update and improve quality management systems in an effective and appropriate way in alignment with the risk level and device type to ensure compliance with technical and regulatory requirements. We continuously improve our quality management system from the perspective of overall quality both outside and within the Company to strive for higher quality products and services. The company's quality management system documents include the quality manual, procedural documents, work instruction documents and records, clarifying management responsibilities and the authority of relevant departments.

The Company conducts regular internal and external audits of the quality management system, to update and revise internal quality standards and systems and exercises real-time supervision of each quality management process with reference to domestic and foreign industry regulations. We accept compliance audits conducted by external third parties, including GMP compliance inspections by local food and drug administrations, CE certification and MDSAP certification, and audits by partners in the course of domestic and overseas transactions and cooperation. In audit period, third-party auditors conduct several procedures including on-site inspections of production condition, a stability study, the release of raw and auxiliary materials, the release of finished products, project implementation process, technical personnel training, quality management documents, plant facilities and equipment, process verification and process control, as well as putting forward suggestions for rectification. During the year ended December 31, 2024, there were no material deficiencies identified in the inspections, and post-inspection rectifications had all been completed on time.



Trusted Innovation for Life

1.4.2 MANUFACTURING PROCESS CONTROL

We have production facilities that have obtained of ISO Class 7 Cleanroom certification. The facilities are equipped with injection moulding machines, heat sealing machines, folding machines, sealing machines, knitting machines, rheological machines, ethylene oxide sterilisation systems, purified water preparation systems, gas production systems, gas and liquid chromatography analysis systems, and other advanced production and inspection equipment. The equipment and the facilities have laid a solid foundation for manufacturing high-quality products.

The Company considers the conditions and technical requirements required for manufacturing from a holistic perspective, and has strict regulations on equipment and facilities, materials management, employee health, etc. We conduct daily environmental monitoring of production areas and clean areas to ensure the compliance with GMP requirements in the manufacturing environment.

Equipment and facilities

In the equipment management and operating procedures, we provide a detailed description of the output requirements of equipment, facilities, and tools to ensure that their operating conditions meet the specified technical specifications to guarantee the product quality achieves the intended outcome.

Materials management

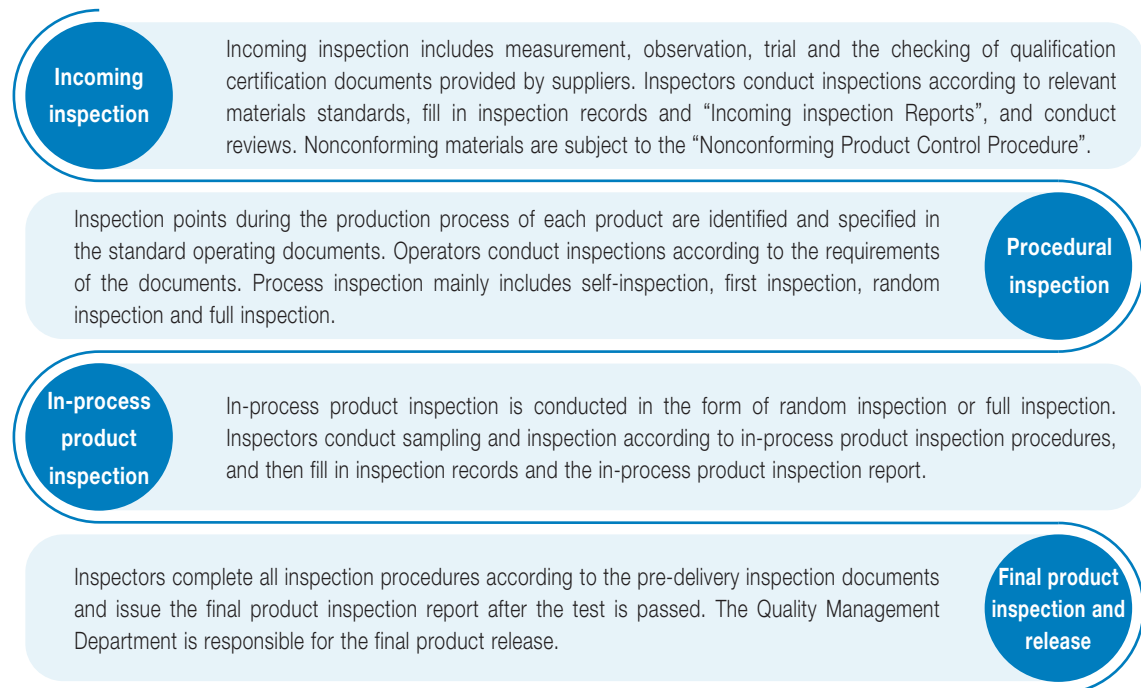
Inspect in accordance with the "Inspection and Control Procedures", issue the incoming inspection reports and conduct reviews. Conforming materials are stored in warehouse while nonconforming materials are isolated in accordance with the "Nonconforming Product Control Procedure". If verification is performed at the supplier's site, the activities to be verified and the method of product release shall be specified in procurement documents.

Employee health

Employees who are directly exposed to materials and products are required to have a physical examination once a year and are only allowed to work after passing the physical examination. Personnel suffering from infectious diseases are not allowed to engage in work that are directly exposed to materials and products. Workers involved in product quality (personnel who are directly exposed to materials and products) are required to have health records and health certificates or physical examination reports.

1.4.3 QUALITY INSPECTION

The Company has established a complete internal quality inspection system and abides by the highest quality standards from the release of materials to the batch release of products. All products have to go through multi-level quality inspection before they enter the market. The Company inspects product quality in accordance with the relevant requirements of the “Inspection and Control Procedures”. Products identified with quality abnormalities are dealt with in accordance with the “Nonconforming Product Control Procedure”.



1.4.4 QUALITY TARGETS

To keep improving the Company’s product quality, we have set annual quality targets, including the qualification rate of finished products and the pass rate of external audit inspection. Each quality goal is updated annually with specific target values set. The performance of each quality target is assessed the following year to evaluate the completion status.

2024 Quality Targets	Target	Completion
Qualification rate of finished products	≥95%	99%
Pass rate of external audit inspection	100%	100%

Trusted Innovation for Life

QUALITY TRAINING

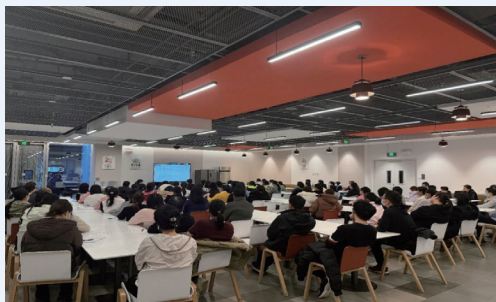
To strengthen the corporate culture of quality and enhance employees' professional knowledge and skills, the Company provides quality awareness training to ensure that employees are aware of the relevance and materiality of the activities they are involved in, and how to contribute to the achievement of quality targets. The quality management training system covers company-level training, department-level training, and external regulatory agency training in the form of lectures, seminars, self-study, etc. We maintain a training file for each employee at the Human Resources Department as a proper record of the employee's education, training, skills and experience.

Company-level training

We carry out quality management-related training for all employees at the company-level based on a training plan we develop each year. Training topics covered quality system management, production safety, and internal audits of the quality system.

Department-level training

We carry out department-level quality management trainings on a regular basis. New employees are required to attend an induction training when they join the Company, and they are allowed to work only after completing the list of induction trainings.



Quality management system training

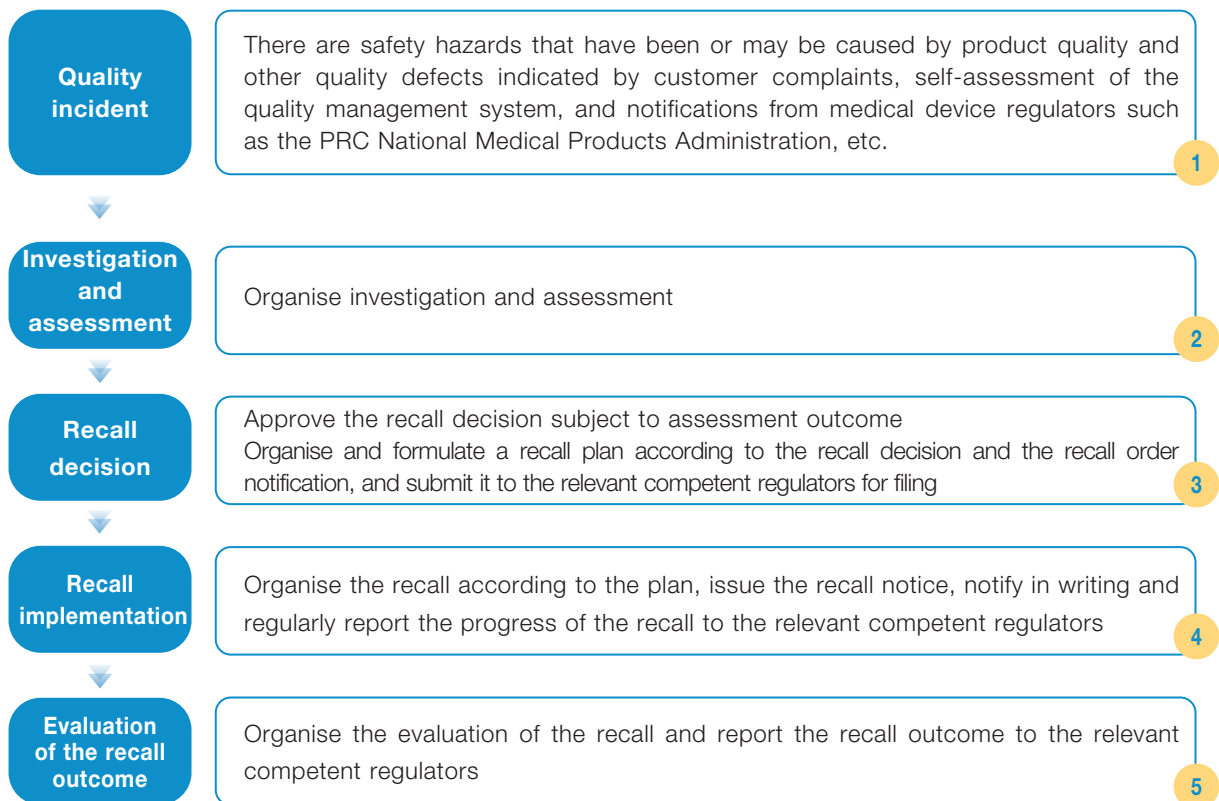
 **135**
Trainings

 **100%**
Quality
Employees
Coverage Rate

During the Reporting Period, the Company organised a total of 135 quality-related trainings, covering 100% of employees whose roles are related to quality management.

PRODUCT RECALL

Acotec is required by applicable laws and regulations to recall our products if they are defective and have caused, or are likely to cause, harm to patients. The Company has formulated the “Recall Control Procedure” to clarify respective responsibilities of the Quality Control Department, Marketing and Sales Department, Supply Chain Management Department and other relevant departments:



During 2024, the Company did not have any product recalls. There was no material breach of product and service duties that had a significant impact on the Company, nor any recall of sold or delivered products due to any safety or health reasons.

Robust Governance for Development

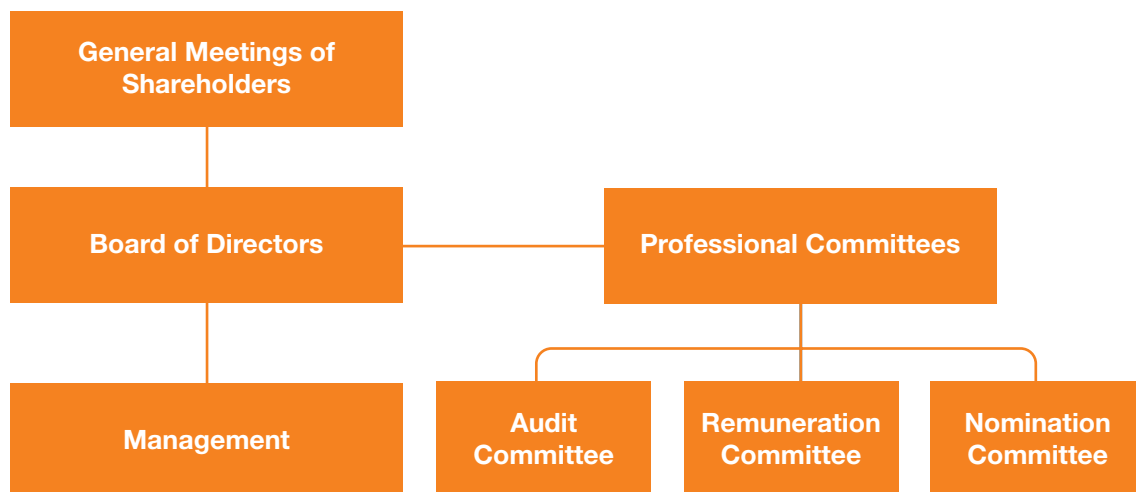
Acotec strives to optimise corporate governance, comply with business ethics, ensure marketing compliance and customer privacy protection, and adhere to medical ethics. We have also been proactively responding to UN Sustainable Development Goal 16.



2.1 OPTIMISING GOVERNANCE TO GENERATE SYNERGY AND RAISE EFFICIENCY

2.1.1 CORPORATE GOVERNANCE

We strictly comply with the requirements of relevant laws, regulations and regulatory documents such as the *Company Law of the PRC*, the *Securities Law of the PRC* and the *Corporate Governance Code* set out in Appendix C1 of the Listing Rules of the Hong Kong Stock Exchange. Acotec revises and improves its “Articles of Association” and other rules and regulations, taking into account the Company’s actual development and the requirements of regulatory authorities. In this way, we have formed a governance structure consisting of the shareholders’ meeting, the Board of Directors, and senior management as the main bodies, in order to establish a scientific, efficient, stable and long-term decision-making, supervision and incentive system, continuously improve corporate governance and steadfastly safeguard the interests of the Company’s shareholders.

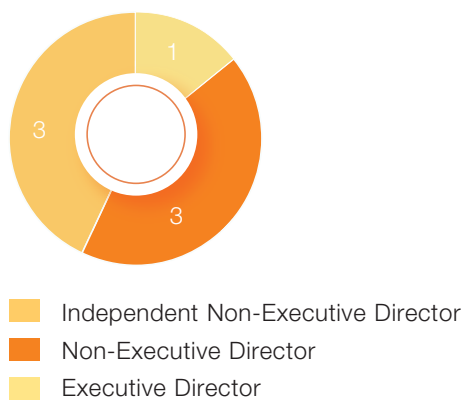


As the core of the governance structure, the Board of Directors is responsible for engaging and deciding on all major issues related to the Company’s operations, including policy matters, strategies, budgets, internal control and risk management. To this end, the Board has established three Board committees: the Audit Committee, the Remuneration Committee and the Nomination Committee. As the supervisory and executive bodies in the governance structure, these committees are appointed and authorised by the Board to operate effectively in accordance with their terms of reference. As of the end of the Reporting Period, the Board comprises one Executive Directors, three Non-Executive Directors and three Independent Non-Executive Directors. At least one annual general meeting and at least four regular meetings of the Board of Directors are required to be held each year.

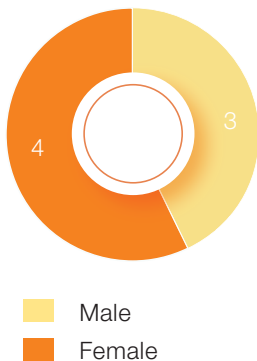


Robust Governance for Development

Composition of the Board of Directors by type

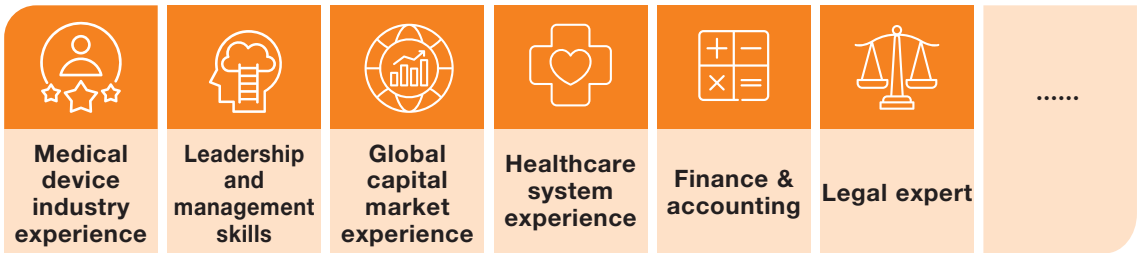


Composition of the Board of Directors by gender



We advocate for Board diversity and have continued to build a diverse and professional Board of Directors from multiple perspectives, including gender, age, cultural and educational background, professional development, tenure of service, and industry experience, to improve corporate decision-making, enhance the Board’s effectiveness, and ensure it has a comprehensive and integrated perspective. Four out of the seven directors on Acotec’s Board of Directors, or more than 50%, are women, and the Company’s CEO, Ms. Jing LI, serves as an Executive Director alongside the other directors, each of whom brings experience and expertise to the Company and the Board:

Experience and expertise of Board members



Robust Governance for Development

2.1.2 ESG GOVERNANCE

We have continued to optimise our ESG management system, and we have formed an ESG governance structure consisting of the Board of Directors, the Business Development Department and operational departments. The Board of Directors constitutes the decision-making level; the Business Development Department is the coordinating level; and the executive level consists of all the operational departments, which coordinate to meet their respective ESG responsibilities, strengthen the Company's overall ESG management, and promote Acotec's sustainable development.

Specific responsibilities at each level of the ESG structure

Decision-making level: Board of Directors

Responsible for overall ESG governance

- Determines the overall objectives and strategies of ESG management.
- Responsible for assessing and defining the Company's ESG-related risks and ensuring that the Company has an appropriate and effective ESG risk management and internal control system in place;
- Reviews major ESG management matters, including but not limited to the annual ESG report.

Monitor and review ESG performance

Coordinating level: Business Development Department

Implement decision-making Level resolutions

Communicate and coordinate ESG issues

Organise the preparation of ESG reports

- Organises and carries out ESG management work, formulates relevant systems and processes, maintains and updates the ESG indicator system according to the Company's overall ESG management objectives and management strategies;
- Responsible for guiding, promoting, coordinating and supervising ESG management in all departments, and assessing and evaluating the implementation results;
- Organises the compilation of the annual ESG report and arranges the release and promotion of the report according to the requirements of the *Listing Rules*;
- Manages and coordinates external service providers for ESG management and carries out ESG-related communication, consulting, assurance and training according to work needs;
- Regularly reports to the Board of Directors and senior managers on the performance of ESG management;
- Stakeholder communication: Business Development Department is responsible for organising and participating in major domestic and international forums and conferences based on the Company's annual stakeholder communication priorities, and extensively leverages the power of third-party organisations in the corporate social responsibility (CSR) industry to carry out special communication activities on key social responsibility issues.

Robust Governance for Development

Executive level: Relevant Operational departments

Complete ESG-related work

Communicate with stakeholders

- With reference to the ESG indicator system, according to the division of responsibilities, and under the guidance of the Business Development Department, the relevant departments are responsible for completing social responsibility work related to their major areas or systems;
- The Finance Department organises risk evaluation exercises to analyse the root causes of problems and identify key risk points;
- According to the division of responsibilities and contact objects, the relevant departments establish a system to regularly communicate with stakeholders in daily work and collect opinions through various methods, such as work reports, conferences, and consultations, in order to improve social responsibility work and provide feedback and responses when necessary.

2.2 OPERATING IN COMPLIANCE, WITH INTEGRITY AND HONESTY

Anti-corruption and integrity work are an important part of enterprise management and represent an indispensable part of an enterprise's self-discipline system. Strengthening anti-corruption and integrity measures is not only an inherent requirement for promoting corporate reform and development, but also necessary for regulating business management activities.

Acotec is committed to anti-corruption work and strictly abides by the *Company Law of the PRC*, the *Anti-monopoly Law of the PRC*, the *Law of the PRC Against Unfair Competition*, the *Criminal Law of the PRC* and other laws and regulations related to anti-corruption and business ethics. The Company has established an "Anti-Fraud System" that requires all employees, including directors and senior management, to abide by, in order to promote a business philosophy of honesty, integrity, and legal compliance. Additionally, we have formulated the "Business Code of Conduct of Acotec Scientific Co., Ltd.," which emphasizes honesty, integrity, and fairness in all areas of operation. The Company does not condone or tolerate any form of bribery, kickbacks, or accepting gifts to obtain contracts or business benefits from individuals, including but not limited to competitors, customers, vendors, suppliers, and government officials. The acceptance of any mentioned improper gifts from any of the parties is also strictly prohibited for employees.

The Company's Management Department has established a sound internal control system, set up reporting channels for fraud prevention and detection, implemented control measures to reduce fraud occurring risk, and taken appropriate and effective remedial measures against fraud. The Company has also established reporting channels including telephone numbers, reporting mailbox and reporting box of suspected cases of fraud, publishing handling department, address, telephone number, e-mail appropriately both inside and outside the Company. Acotec did not have any embezzlement lawsuits throughout the Reporting Period.

Robust Governance for Development

Anti-fraud reporting hotline: +86 010-67472107

Anti-fraud reporting mailbox: compliance@acotec.cn

Whistleblowers, investigators, and employees who assist in investigations shall be protected during all parts of the process. In response to any unlawful discrimination or retaliation against whistleblowers, investigators, or employees who assist in investigations, the Company will take disciplinary action, including, but not limited to, dismissal, termination of employment contract, and other disciplinary actions; and if the individual has violated criminal laws, they will be transferred to the judicial authorities.

In terms of strengthening employee integrity education, the Company strives to improve employees' awareness of the importance of abiding by professional ethics, resisting corruption, and creating a culture of honesty and integrity. The Company has carried out 10 relevant trainings in 2024 for directors and employees, to enhance their awareness of corruption risk prevention. The Company organised an annual anti-fraud training session, which is mandatory for all employees.



Business Ethics & Compliance Training



11
Average
Training Hours
per Employee



100%
Employee
Coverage Rate

During the Reporting Period, Acotec's Board members and employees at the management and grassroots levels spent 11 hours per person on anti-corruption training.

During the Reporting Period, the Company organised 10 business ethics-related trainings, with a 100% employee coverage rate.

We have signed Integrity Agreements with our core key suppliers and include a Integrity and Compliance Statement as an annex to the distribution contracts signed with our distributors. The Company regularly conducts compliance training for distributors, requiring them to adhere to Acotec's anti-corruption and integrity requirements. The Company's new employee training also includes integrity and anti-corruption training.

In 2024, the Company did not identify any significant risks related to corruption. Meanwhile, the Company and its employees were not involved in any confirmed incidents of corruption, or any public legal proceedings related to corruption. The Company will continuously attach importance to anti-corruption measures and strengthen the anti-corruption monitoring body's supervisory capabilities, with the goal of providing robust protection for the Company's healthy development in the future.

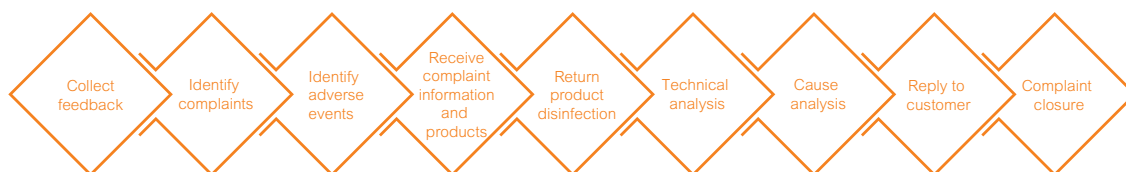


Robust Governance for Development

2.3 RESPONSIBLE MARKETING AND DATA SECURITY

The Company formulated the “Rules for Sales Management” to specify the details for customer channel classification and management, the return and exchange process, customer information management, customer credit limit management, the pricing and discount mechanism, and Two-Invoice policy monitoring in order to ensure the quality of Acotec’s products and customer services. In 2024, we received 160 complaints, with 100% customer complaint response rate and 100% complaint closure rate.

The Company has a strict process for complaint management. If any problem arises in relation to the quality of the Company’s products or services, customers can file a complaint through their sales manager or by calling the Company’s main telephone number. The Sales Department will report the complaint within 48 hours and send the defective product back to the Company. The Quality Management Department will then organise an investigation, handle the complaint and submit a report to the Marketing and Sales Department, which will reply to the customer. The complaint will be closed after receiving the customer’s confirmation and approval, and corrective and preventive measures will be initiated to improve the product and service if necessary.



In terms of customer satisfaction, the Company carries out questionnaire surveys in academic conferences to solicit feedback from customers, including regarding complaint handling satisfaction, product satisfaction, and company satisfaction. The Company’s staff follow up on customer satisfaction issues in their daily work and in daily communication with customers, which is more efficient and practical. Due to the high concentration of our customers, we usually visit them directly to do researches on the user experience of the Company’s products.

The Company complies with laws and regulations such as the *Network Security Law of the PRC*, the *Data Security Law of the PRC*, the *Personal Information Protection Law of the PRC*, and the *Administrative Measures for Classified Protection of Information Security*. We use various means to strengthen internal data security management and ensure the normal operation of our information system. The Company formulated the Administrative Measures for Data Classification Management and Information Disclosure in accordance with laws and regulations and in light of its actual circumstances. This was done to strengthen data security, prevent and eliminate information leakage, safeguard and utilize the Company’s secrets reasonably, and regulate the management of information disclosure. The goal is to ensure the proper performance of the company’s information disclosure obligations and protect the lawful interests of the Company and its investors. The Administrative Measures specify security and confidentiality requirements and the standards and procedures for proper disclosure of the Company’s information, with a view to protecting the lawful interests of the Company and other stakeholders.

Robust Governance for Development

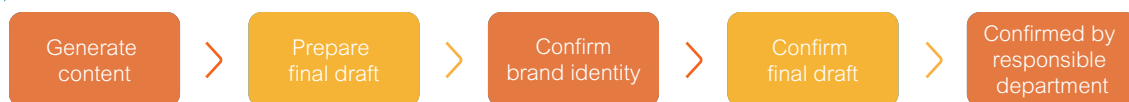
During the Reporting Period, the Company newly implemented the IP-Guard system to enhance internal information security. The protective measures adopted include, but are not limited to:

- Adding watermarks to all employees' screens to prevent screenshot leaks of company information;
- Encrypting all files on employees' computers, with decrypted files bearing the watermark of the person who decrypted them, ensuring accountability in case of leaks;
- For core technical departments, any files sent externally are encrypted. Decryption requires approval from the department head.

By encrypting files and adding watermarks to externally shared documents, the Company has established both pre-emptive and post-event controls to mitigate the risk of core technology leaks, thereby safeguarding the Company's information security.

In its marketing activities, the Company ensures that customer information is fully protected during communication and transmission, and data regarding customer complaints is kept strictly confidential. The Company respects the privacy of patients, customers and employees, and ensures that customers' information is not divulged or abused. Customer information, including customers' mobile phone numbers, ID numbers, etc., is managed by the Company in accordance with strict confidentiality requirements. Any personal information in the Company's media materials is desensitised.

The Company complies with the *Advertising Law of the PRC*, the *Regulations on the Supervision and Administration of Medical Devices*, the *Measures for the Examination of Medical Device Advertisements* and other relevant laws and regulations. In addition, the Company has developed a management system called the New Media Specification Process to strictly supervise the information disclosed online, and the Company has developed an approval process for promotional materials (including promotional screens, product brochures and brand cues):





Robust Governance for Development

In our promotions, we avoid using superlatives such as “the most”. Additionally, we emphasize the product indications in our external promotional materials, ensuring that our educational activities align with the approved product indications by the NMPA. We strictly prohibit promoting uses of the product that go beyond the approved indications. There were no instances of advertising or trademark violations in the company this year.

To guard against unfair competition, the Company strictly complies with the *Company Law of the PRC*, the *Law of the PRC Against Unfair Competition*, the *Anti-monopoly Law of the PRC* and other relevant laws and regulations. The Company takes care to not engage in any monopolistic activities, including horizontal and vertical monopolies. In terms of product pricing, the Company takes measures to avoid the monopolistic pricing and carries out training activities to ensure that employees can understand this issue.

2.4 RESEARCH TRIALS WITH ETHICAL COMPLIANCE

In all of the clinical trial projects in which Acotec is involved, the Company always follows clinical trial management norms and ethical standards and adheres to R&D ethics. We strictly manage the compliance and standardisation of clinical trials and animal experiments. During clinical trial projects, the Company always follows the medical ethical principles of the Declaration of Helsinki of the World Medical Association, the *Ethical Review Measures for Biomedical Research Involving Human Beings* of the National Health Commission, the *Quality Management Standards for Medical Device Clinical Trials* of the National Medical Products Administration, and other domestic and international regulations covering clinical trial management, as well as the ethical and moral requirements stipulated by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH).

For trials, we evaluate whether their implementation, data recordkeeping, and results reporting comply with the trial protocol and clinical trial-related regulations by checking the original records and documents related to the clinical trials and on-site inspections, and verifying the authenticity and consistency of the relevant declaration information. In order to ensure that all trials meet the requirements of relevant domestic and international standards, we supervise and inspect all clinical trials and actively cooperate with reviews performed by the ethics committee. During the Reporting Period, the Company was not involved in any litigation related to clinical trials.

For R&D involving animal experiments, the Company cooperates with qualified third parties to conduct the experiments. The Company requires that these third parties implement rigorous management processes, including for the legal sourcing of animals and operational compliance in relation to animals and laboratory management, among other areas. The Company renews its third-party zoological management qualifications annually and selects suitable third parties based on their technical expertise, corporate fee quotations, and implementation teams. We examine the management processes of all third-party animal testing facilities on the Company’s list, and we require that animal experiments be conducted in accordance with ethical regulations for laboratory animals.

Extraordinary Employees for Growth

We regard talents as the core competitiveness of enterprise development. We respect each employee equally, insist on a people-oriented approach, value the safety and health of our staff, provide a safe and comfortable working environment, and continuously develop their skills and expertise to create a future together. We have been actively responding to UN Sustainable Development Goals 1, 3, 5, 8 and 10.





Extraordinary Employees for Growth

3.1 EQUAL EMPLOYMENT WITH PROTECTED RIGHTS

RECRUITMENT & HIRING

The Company strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other laws and regulations. The Company has established the “Beijing Acotec Staff Handbook” and the “Compensation and Benefits Management Policy”, which provide clear guidelines on recruitment, compensation, working hours, various types of leave (statutory holidays, annual leave, incentive annual leave, marriage leave, bereavement leave, maternity leave), and various benefits. Additionally, our Code of Business Conduct includes explicit provisions on equal employment opportunities, anti-discrimination, anti-corruption, and anti-harassment.

We have established multiple channels for recruitment, and implements a system of equal employment opportunities. Additionally, the Human Resources Department ensures the supply of talents via social recruitment, campus recruitment, internal referral, and head-hunters' recommendation on the basis of the talents needs of each department. In 2024, the Company participated in multiple campus recruitment events at top-tier universities designated as the “985 Project” and the “211 Project” and established a management trainee program for them.

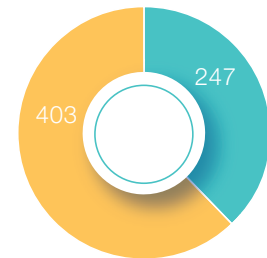
Acotec strictly adheres to national laws and regulations, firmly prohibiting the employment of child labor and forced labor. The Company rigorously controls the recruitment process, ensuring that candidates entering the interview stage are at least 18 years old, and thoroughly verifies the age of all new hires. In 2024, there were no cases of child labor or forced labor, nor any violations or arrears in social insurance contributions.

As of December 31, 2024, the Company employed a total of 650 full-time staff, including 41 employees from ethnic minorities and 131 professional and technical talents. In 2024, the Company promoted 54 domestic employees.

Extraordinary Employees for Growth

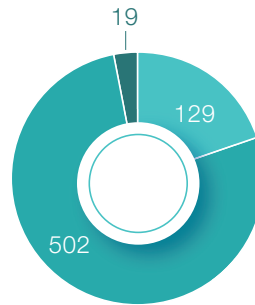
2024 Employee Structure

Total employees by gender



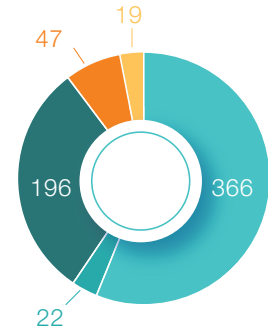
Male
Female

Total employees by age



Below 30
30-50
Above 50

Total employees by region



Beijing
Shanghai
Shenzhen
Other domestic regions
Hong Kong SAR, Macao SAR, Taiwan region and abroad

Employee Turnover Rate

2024 Turnover rate (%)



11%
13%



14%
12%
6%



12%
12%



13%
17%

Categorized by Gender

Male
Female

Categorized by Age

Below 30
30-50
Over 50

Categorized by Region

Beijing
Shenzhen
Other domestic regions
Hong Kong SAR, Macao SAR, Taiwan region and abroad



Extraordinary Employees for Growth

COMPENSATION & TERMINATION

The Company has established a market-oriented compensation system, optimized the salary structure, ensured a balance between internal pay equity and external market competitiveness, enhanced the effectiveness of salary incentives, motivated and retained talents. In addition to fixed salaries, employees are eligible for monthly, quarterly, semi-annual, and annual bonuses based on their positions and job grades, in accordance with the principle of short-term, long-term incentives, individual and team incentives. The competitive salaries, comprehensive benefits, and positive development trends offered by the Company attract more high-end talents to join the Acotec family.

To recognize employees' contributions and motivate them to further drive company development, the Company has established a restricted share unit scheme and share award scheme to provide long-term incentives for employees. This initiative aims to deepen the integration of innovative talents with the Company's development, effectively enhance employee cohesion, and boost the Company's competitiveness.

We ensure the rights of employees during their departure in accordance with the law by paying employees their wages for the actual working days of the month they resign, as stipulated, and assisting with the transfer of social insurance relationships. We pay attention to the reasons for employee turnover, conduct communication before an employee's departure, and understand the reasons for their resignation to further enhance relevant employee treatments.

WORKING HOURS & HOLIDAYS

A flexible working hour system is implemented for task-oriented positions such as sales and technical positions, and a standard working hour system of 8 hours per day, 40 hours per week is implemented for other office positions. In accordance with relevant government laws and regulations, we protect employees' right of normal rest and day-off, and firmly oppose forced labour.

In terms of holidays, we provide employees with holidays in accordance with national and local regulations and actual conditions, such as annual leave, sick leave, marriage leave, maternity leave and other paid holidays. In addition to the annual leave stipulated by the state, the Company implements bonus annual leave (one extra paid annual leave day for each year of service in the Company), male employees enjoy 15 days of paid paternity leave.

EQUAL OPPORTUNITY, DIVERSITY, AND ANTI-DISCRIMINATION

In accordance with applicable laws, Acotec implements a fair job opportunity system that grants equal job opportunities to applicants or employees, regardless of their ethnic background, skin colour, gender, lineage, age, disability, religion, nationality, family or marital status, civil rights, military or veteran status, genetics, pregnancy, and other legally protected features.

The employees of different gender, from different age groups and educational backgrounds allow us to leverage the best experience and knowledge. This also helps maintain and pass down the Company's best practices in culture and management. We have 41 ethnic minority employees in total. We strictly comply with the *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, *Special Provisions on Labour Protection for Female Employees* and other relevant laws and regulations and do not discriminate against women during hiring and promotion of employees in our operation. As of the end of the Reporting Period, Acotec has 403 female employees in China, accounting for 62% of the workforce. Besides, There are 18 female employees in the Company's management team, accounting for over half of the total.

3.2 CARE FOR EMPLOYEES WITH THOUGHTFUL BENEFITS

We care for our employees and provide them with generous benefits. We have set up multiple additional employee benefits on top of statutory ones. We hope to improve the quality of life and work experience of our employees with a variety of benefits.

The Company's employee benefits system includes supplementary medical care, accident insurance, supplemental medical insurance for employees' children, holiday subsidies, etc., giving employees multi-faceted protection. The Company provides commercial insurance coverage for 100% of its employees, in addition to the statutory social insurance and housing fund. We actively offer support to employees facing difficulties. The Company also distributes gifts on traditional holidays; holds celebrating events on festivals such as the Mid-Autumn Festival; provides annual dental health subsidies for regular employees; grants care allowance for employees who have served at Acotec for a year or more when they get married or have a child. Quarterly birthday parties are organized for employees, accompanied by the distribution of birthday gift cards. The Company's pantry provides freshly brewed coffee and a variety of teas throughout the day. The Company is equipped with facilities such as a gym, cafeteria, and reading lounge, further enhancing employees' sense of belonging and happiness.

Extraordinary Employees for Growth



Women's Day Event



Dragon Boat Festival Event



Mid-Autumn Festival Event



Christmas Event



Employees' Birthday Party



Extraordinary Employees for Growth

Acotec pays attention to the voice of employees, listening carefully to them and valuing their feedback. We build multiple communication channels such as corporate email, Microsoft Teams and OA system to ensure effective and timely communications. With bilateral communication mechanism between the company and employees, the Company simplifies the employee feedback process and encourages them to put forward opinions, to continuously improve and optimise the Company's management. We also arrange mentors for new employees to help them quickly integrate into the new life and work environment.

To gain a comprehensive understanding of employees' opinions on various aspects of the Company, we conducted targeted interview and survey activities with employees across different departments and positions. These activities allowed us to gather valuable feedback, which serves as a foundation for organizational development and policy adjustments.

3.3 FULLY PROTECT EMPLOYEES IN HEALTH AND SAFETY

The Company attaches importance to the welfare of employees, aims to enhance the health and safety of employees and ensure the smooth operation of the Company, pays close attention to the safety and health of each employee, and takes a series of measures to fully protect their health and safety on the basis of strict compliance with the *Work Safety Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and other relevant laws and regulations. The Company has formulated the "Occupational Disease Hazard Prevention and Control Responsibility System", the "Occupational Disease Hazard Warning and Notification System", the "Declaration System for Occupational Disease Hazard Projects", the "Public Education and Training System for Occupational Disease Prevention and Control", the "Maintenance and Repair System for Occupational Disease Protection Facilities", the "Management System of Occupational Disease Protective Equipment", the "Management System for Monitoring and Evaluation of Occupational Disease Hazards", the "Management System of 'Simultaneous Design, Construction and Commissioning' for Occupational Health in Construction Projects", the "Occupational Health Supervision and File Management System for Workers", the "Occupational Disease Hazard Responding and Reporting System", the "Emergency Rescue and Management System for Occupational Disease Hazards", the "Occupational Health Practices at Work", and other occupational disease prevention and control systems stipulated by laws, rules and regulations, which provide detailed regulations on the maintenance of employees' occupational health and safety. The Company's EHS department takes main responsibility to carry out work related to employees' health and safety. During the Reporting Period, the Company established new regulations, including "the High-Voltage Power Distribution Room Safety Policy" and "the Electric Bicycle Management Regulations", further enhancing the relevant safety policies.



Extraordinary Employees for Growth

The main sources of hazards that may cause occupational diseases during work are toxic and harmful vapours from chemicals and noise, and the main high-risk job positions are electricians. The Company provides occupational health check-ups for employees in positions exposed to such risks. Every year, the Company hires a professional third party to conduct monitoring for the work environment of the positions with occupational disease hazards to ensure compliance with the requirements of national regulations.

The Company conducts safety training every year for all new employees, production personnel, and all QC inspectors. In 2024, the Company conducted a total of 7 safety training sessions with over 600 participants trained, which included 6 sessions for new employees' safety training and 1 session for all employees. The Company attaches great importance to emergency management. In 2024, We held a number of safety training activities, including explosion prevention drills, fire evacuation drills, emergency drills for electrical safety during withstand voltage testing and emergency drills for the power distribution room, to improve employees' ability to respond and handle emergencies and raise their safety awareness.



Emergency Drills for Electrical Safety during Withstand Voltage Testing



Emergency Drills for the Power Distribution Room



Volunteer Fire Brigade Drill

Extraordinary Employees for Growth

In terms of employee's health and safety, the Company will continue to support employees in high-risk jobs to receive adequate safety training and protection equipment, and for employees involved in special operations, the Company will provide financial support to help employees meet related requirements.

0

Lost Time Injury
Frequency Rate

3.7 million

Consecutive Work Hours
Without a Recordable Injury

In 2024, there were no violations of relevant laws and regulations that had a significant impact on the Company. The lost working hour due to work-related injuries is 0. From 2021 to 2024, the number of work-related deaths was 0 each year. From 2021 to 2024, the Company accumulated 3.7 million consecutive working hours¹ without recordable injuries².

3.4 PROMOTION WITH GROWTH

The Company employs a scientific talent evaluation method, a positive talent development system, and a fair allocation mechanism to leverage the strengths of its employees and help them realize their full potential and achieve professional success. The Company establishes and enhances a talent map based on business strategies annually. Through recruitment and internal cultivation, strategic talents are identified and prepared for the Company's future growth. To stimulate employee potential and support career development, the Company has specially implemented a dual-track promotion system, offering expansive growth opportunities for both technical and managerial talents.

The Company has established an effective performance evaluation, assessment, and feedback mechanism to ensure that employees' performance is fairly and objectively evaluated, providing timely feedback and improvement suggestions to employees. The performance assessment is conducted monthly, quarterly, semi-annually, and annually based on employees' positions and grades. Before the evaluation period begins, employees, along with their supervisors, set evaluation standards. After the evaluation period, employees summarize their work along with conducting a self-assessment, and their immediate supervisors assess their performance and conduct performance reviews. Their immediate supervisors understand the issues and challenges encountered during the assessment period, so as to provide corresponding guidance to help employees better achieve their work objectives.

1 In 2024, calculation is based on the annual average number of 600 employees and the average number of 2,000 working hours per employee per year.

2 Recordable injuries:

All work injuries resulting in death and all occupational diseases are "recordable". However, for non-fatal work injuries, only the following specific circumstances are "recordable":

- (1) Need for Medical Treatment or Loss of Consciousness,
- (2) Restriction of Work or Motion,
- (3) Need to transfer to another job.



Extraordinary Employees for Growth

The Company values the career development of every employee and provides multiple development paths, encouraging individuals to maximize their strengths and contribute their maximum value in their areas of expertise. In terms of promotion, the Company has implemented a dual-track promotion system, encompassing both management and professional technical pathways. Annually, the Company conducts promotion evaluations, assessing employees based on multiple dimensions such as performance metrics, leadership-tier evaluations, and organizational contributions. Those with outstanding performance may be eligible for promotion. In 2024, the Company organized a specialized promotion assessment for engineer levels, focusing on employees' professional skills, innovative capabilities, and problem-solving abilities, with exceptional individuals being promoted. This dual-track promotion system offers employees a variety of career development paths.

Regarding incentive mechanisms, the Company has tailored different incentive forms for various departments and positions. For instance, the R&D department has project bonuses, the sales department has sales bonuses and excess bonuses, manufacturing frontline workers receive production and skill bonuses, and functional employees are eligible for quarterly/semi-annual/annual performance bonuses depending on their roles. These incentives, combined with the promotion system, create a diversified incentive mechanism.

The Company provides ample room for each employee's development, offering training opportunities and encouraging on-the-job learning and participation in skill training to continuously enhance business skills. The Company aims for each employee to enhance their overall business skills through learning and grow together with the company. Acotec has established training systems such as the "Beijing Acotec Training Management System" and the "Beijing Acotec Staff Handbook" and other training systems, which outline training organization management, annual learning requirements for employees, training evaluation, and incentives for continuing education etc.

Training programs can be categorized as new employee onboarding training, job-specific training, and general skills training, offered in both online and offline formats. Tailored training programs are offered for different positions and levels within the company. Beyond the essential onboarding training for new hires, the company also provides job-specific skills and further education opportunities based on role requirements and business needs. For example, to support the high-quality execution of clinical trials and registration work and to comprehensively improve employees' professional capabilities, the Company has meticulously prepared a diverse array of training programs. These training sessions are available both online and offline: online, a wide range of high-quality course resources are provided, allowing employees to engage in self-directed learning during their fragmented time; offline, experienced colleagues are invited to conduct exchange seminars and offer in-depth, face-to-face guidance. The training content is closely centered around key areas such as clinical trial processes, regulatory interpretation, and registration essentials, combining theory with practice to ensure the effectiveness of the training and to help employees achieve continuous breakthroughs in their professional fields, thereby driving the Company's business to new heights. Additionally, we utilize the "Business Knowledge Academy" platform to provide employees with convenient access to both general and specialized knowledge training on a weekly basis, helping them in better self-improvement.

Extraordinary Employees for Growth

In 2024, the Company achieved a 100% training coverage rate, with an average of 24 hours of training per domestic employee.



Finance Training



Production Training

Domestic employee training	Percentage of domestic employee training (%)		Average length of time (hours)	
By Gender	2024	2023	2024	2023
Male	100%	94%	22.50	18.00
Female	100%	95%	25.00	28.00
By Level				
Management	100%	100%	43.52	42.00
Non-management	100%	94%	24.10	23.73

Warm Community for Harmony

Acotec insists on building a caring community and carries out various public science activities to promote inclusive healthcare. We have been proactively responding to UN Sustainable Development Goals 3 and 11.



4.1 INCLUSIVE AND ACCESSIBLE HEALTHCARE

Since our establishment in 2011, we have been at the forefront of the industry while remaining committed to addressing unmet clinical needs and striving for breakthroughs. We have continually introduced innovative products to the market. Acotec launched China's first ATK DCB and BTK DCB in 2016 and 2020 respectively, offering the innovative "leave nothing behind" treatment solutions to Chinese patients with vascular disease. Subsequently, our Peripheral Aspiration System (AcoStream®) and Radiofrequency Ablation System (AcoArt Cedar®) have been successively launched, breaking the dominance of overseas products in the corresponding market. Demand is rising for the treatment indications of these two products in the lower-tier market. Our reasonably-priced products significantly alleviate the burden borne by patients, thus giving them better access to effective treatment. Furthermore, since 2023, we have actively participated in volume-based procurement initiatives across multiple provinces. Our products, including the peripheral drug-coated balloon, peripheral aspiration system, radiofrequency ablation system and PTA balloons, have successfully been selected as winning bids. The high-quality products from Acotec have benefited a greater number of patients.

4.2 CARING FOR THE COMMUNITY AND GIVING BACK TO THE COMMUNITY

Acotec has always been actively involved in social welfare, treating public services activities as its social responsibility and making continuous efforts in knowledge dissemination and other public services by leveraging its own influence and resources. Acotec has participated and supported 24 charity clinics in 2024, attracting nearly 1,000 community residents to participate in. The free clinic activities enable medical services to reach the grass-roots level and provide health education to patients and the general public, with a view to improving people's health awareness and self-care abilities.

While addressing practical treatment needs in clinical practices, We also focus on educating the public about disease knowledge, aiming to enhance awareness of vascular disease prevention and treatment, popularize scientific treatment concepts, and advocate for healthy lifestyles. Leveraging our professional expertise, the Company actively fulfils its social responsibility by disseminating health and medical knowledge through our WeChat public account, thereby safeguarding national health. In 2024, our science popularization public account released numerous articles on topics such as diabetic foot, thrombotic diseases, and varicose veins, coinciding with significant dates like Diabetes Day, Thrombosis Day, Teachers' Day, and Vascular Health Day. These articles have garnered over 50,000 cumulative reads, effectively conveying professional medical knowledge in a manner that resonates with patient communities. This initiative has elevated public understanding and awareness of vascular diseases, contributing to the advancement of the Healthy China initiative.



Warm Community for Harmony

Science Popularization Articles

血栓疾病包括哪些？

血栓疾病主要分为静脉血栓栓塞症和动脉血栓疾病。其中静脉血栓栓塞症（VTE）包括深静脉血栓（DVT）及肺栓塞（PE），动脉血栓疾病主要包括颅内动脉血栓栓塞及急性肢体缺血（ALI）。



数据来源：

1. 梁廷波. 浙江省医院静脉血栓栓塞症防治管理规范专家共识（第二版），加速康复外科杂志 2023.6(08):97-109
2. 徐欣，周思远，方刚，急性下肢动脉缺血的治疗策略，中国血管外科杂志，2021,13(1),13-16

Thrombosis: Diagnosis and Treatment



Understanding Diabetic Foot:
Treatment Basics

Case: Acotec assisted and supported in disease awareness and free clinic activities

Ahead of Teachers' Day in 2024, the Company collaborated with medical institutions to organize a "Health Delivery" series of free varicose veins clinics and science popularization activities targeting middle school teachers and the elderly. These initiatives aimed to screen and popularize knowledge about varicose veins among high-risk groups, enhancing their understanding of the disease, including its causes, prevention, and treatment. The goal was to increase public awareness of varicose veins, encouraging early prevention, detection, and treatment.



Greener Environment for Future

The Company adheres to the philosophy of green operation and actively responds to the national call for low-carbon sustainable development. We place great emphasis on the environmental impacts of the Company's operation and production and are committed to formulating an environment-friendly operation and development model by improving employees' environmental awareness. We have proactively responded to UN Sustainable Development Goals 7, 13 and 17.





Greener Environment for Future

5.1 EMISSION CONTROL AND ENVIRONMENTAL PROTECTION

To enhance the Company's environmental protection efforts and promote environmental benefits, and to implement the *Environmental Protection Law of the PRC* and other environmental protection regulations and policies, the Company has established the "Management Rules for Environmental Protection", and the EHS Department is the main responsible department. The Rules specifies management requirements on the control of hazardous chemical liquid waste, wastewater, solid waste, noise, and waste gas pollution. During the Reporting Period, there have been no severe violations of relevant laws and regulations regarding emissions that would have a significant impact on the Company.

The Company's environmental management is guided by the principles of "prevention first, combining prevention and control, and comprehensive management". The Company extensively carries out activities of comprehensive utilization, transforming harm into benefit, and eliminating sources of pollution. Acotec strictly implements national environmental laws and regulations, inspects the Company's environmental protection plans, discusses important environmental protection measures, and supervises the implementation of these plans. At the same time, the "Acotec Environmental Protection Management System" clearly defines the environmental responsibilities of each department and employee, designating the relevant departments responsible for regularly monitoring emissions of waste gas, wastewater, and noise to ensure compliance with environmental standards.

We strive to enhance employees' awareness of environmental risks. In addition to conducting general EHS training for all employees, the Company provides differentiated training tailored to the specific roles of employees. This ensures that employees are aware of the EHS risks associated with their positions and are capable of responding effectively in emergency situations. Regarding environmental risk preparedness, we identify potential sudden environmental risks that may arise during production processes, conduct risk assessments, develop emergency response plans, and carry out drills to practice these responses.

WASTE DISCHARGE MANAGEMENT

The Company stresses the importance of waste source control to reduce its total waste discharge emission. The Company has strictly complied with the *Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes* and other relevant laws and regulation, which serve as basis for its formulation of the "Regulations on the Safety Management of Hazardous Wastes". The Regulations clarifies the waste discharge requirements for management purpose, so that waste discharge can be properly collected, stored and disposed by waste types and traits. During the Reporting Period, the Company established a Garbage Classification Work Plan to further advance the reduction of waste through improved garbage sorting practices.



Greener Environment for Future

The Company mainly generates hazardous wastes including organic solvent wastes (alcoholic waste), activated carbon wastes, laboratory chemical reagent wastes, chemical liquid wastes and reagent bottle wastes. We have established temporary storage premises and taken multiple actions to improve procedures and methods for hazardous wastes disposal. The temporary storage premises have been equipped with emergency supplies such as absorbent cotton to prevent environmental contamination due to hazardous chemical leaks. The Company collects and transfers hazardous wastes to a licensed operator for processing on a regular basis, and completes the hazardous waste transfer manifest for each transfer. There was no non-compliance in the Company's disposal of hazardous wastes during 2024. During the year, the Company generated 26.57 tons of hazardous wastes, and has been gradually replacing alcohol with compressed air during its product cleaning process to reduce the generation of alcoholic waste and other hazardous wastes. As of the end of the reporting period, the Company has adopted compressed air blowing as a replacement for alcohol cleaning in products such as endovenous radiofrequency ablation catheters, peripheral thrombus aspiration catheters, and single-use suction connecting tubes.

Category	Hazardous waste	Processing method
Organic solvent wastes	Wastes generated during the use of organic solvents.	Recycling
Other wastes	Waste activated carbon; waste packaging, containers, filtration and adsorption media containing or contaminated with toxic and infectious hazardous wastes.	Recycling

WASTEWATER MANAGEMENT

We have strictly complied with the *Law of the PRC on Prevention and Control of Water Pollution* and the relevant laws and regulations in implementing our water pollution prevention and control measures. Wastewater mainly comes from employees' domestic wastewater and industrial effluent. Domestic wastewater includes wastewater generated from employees' daily life activities such as washing and toilet use; production wastewater mainly consists of sterilization water, which is the wastewater generated from the absorption of ethylene oxide used for disinfection during the sterilization process. Domestic wastewater and industrial effluent are discharged into the septic tank of the local science park, which is pre-treated by the septic tank and then discharged into the sewage treatment plant through the municipal sewage pipe network.



Greener Environment for Future

As tested by a professional third party, the Company’s wastewater has met the discharge standards in terms of pH value, suspended solids, chemical oxygen demand, ammonia nitrogen and other indicators, which were all below the discharge limits in 2024. To reduce wastewater discharge, the Company started upgrading and transforming its steriliser technology in 2022. In 2024, 55% of the products have been sterilized through the new acid washing process, resulting in a significant reduction in wastewater generated during the sterilization phase, with the wastewater produced per unit of product decreasing by over 50%.

Goals for domestic wastewater discharge and water consumption	Goals for industrial effluent discharge
Meet local discharge standards Improve water use efficiency and reduce water consumption intensity	Meet local discharge standards Conduct technical transformation to reduce the volume of wastewater discharge and gradually reduce the concentration of emissions while ensuring compliance with discharge standards.

ATMOSPHERIC POLLUTANTS EMISSION MANAGEMENT

We have strictly complied with the *Law of the PRC on Prevention and Control of Atmospheric Pollution* and the relevant laws and regulations in our regular monitoring and assessment on exhaust emission to ensure the compliance with the emission standards on atmospheric pollutants. We have also taken several emission-reduction measures to decrease the waste gas emission.

The Company’s waste gas is mainly generated from the production workshop and injection moulding workshop during the cleaning and the heat-shrink process of tubes. All the volatile organic gases generated (in non-methane total hydrocarbons (NMHC)) are collected by the closed clean room ventilation system, and then transmitted to the adsorption treatment device of activated carbon on the roof through pipelines. After adsorption treatment by activated carbon, it is lawfully discharged from the roof gas cylinder. As tested by a professional third party, the Company has complied with standards in terms of NMHC emission.

The Company has formulated the following waste gas emission targets: compliance with local emission standards, gradually reducing the volume of waste gas and the concentration of emissions; reduction of hazardous chemicals, replacing high-toxic chemicals with low-toxic or non-toxic ones, and the reduction of VOCs.

NOISE MANAGEMENT

We have strictly complied with the *Law of the PRC on Prevention and Control of Noise Pollution* and the relevant laws and regulations in our noise management activities. Noise generated by the Company is mainly from air compressors, air-conditioning units, exhaust gas purification equipment, etc. All air compressors and air-conditioning units are located in dedicated equipment rooms where sound insulation and noise reduction equipment are installed. Noise generated during the operation is mitigated by the use of advanced low-noise equipment, vibration isolation devices, and sound insulation room. The exhaust gas purification equipment is located on the roof with low-noise design; and noise reduction measures such as vibration reduction, sound insulation cover, and flexible coupling are also adopted. The noise produced meets three standard limits specified in the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB12348-2008).

The Company's pollutant emissions

Metric	Unit	2024	2023
Hazardous waste generated (waste liquid, waste packaging generated by production and experiments, etc.)	ton	26.57	23.30
Hazardous waste generated intensity	kg/10 thousand RMB of revenue	0.50	0.49
Non-hazardous waste generated (domestic waste)	ton	42.00	38.00
Non-hazardous waste generated intensity	kg/10 thousand RMB of revenue	0.79	0.80
Total wastewater discharge	m ³	20,756.00	20,054.00
Total ³ GHG emissions ⁴	tCO ₂ -e	4,110.80	1,964.10
Direct (Scope 1) GHG emissions	tCO ₂ -e	55.89	35.01
Indirect (Scope 2) GHG emissions	tCO ₂ -e	4,054.91	1,929.09
GHG emissions intensity	kgCO ₂ -e/10 thousand RMB of revenue	76.98	41.45
Volume of Exhaust gas	kg	444.00	320.40

3 Calculation method of greenhouse gas emissions:

Direct (Scope 1) GHG emissions: The Company's gasoline and natural gas consumption multiplied by the corresponding emission factors. The emission factors are referenced from the *General Principles for Calculation of Total Production Energy Consumption* (GB/T 2589-2020), the *China Energy Statistical Yearbook*, and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories*; Indirect (Scope 2) GHG emissions: The Company's consumption of purchased power and heat times the corresponding emission factors. For emission factors, please refer to the *Guidelines for Verification of Greenhouse Gas Emission Reports of Enterprises* issued by the Ministry of Ecology and Environment of China;

Total GHG emissions: The sum of direct GHG emission and indirect GHG emission.

4 To restate or provide additional disclosure regarding the 2023 annual energy consumption and greenhouse gas emissions data.



Greener Environment for Future

5.2 ENERGY SAVING AND CONSUMPTION REDUCTION FOR GREEN DEVELOPMENT

The Company is committed to improving operational efficiency to ensure the effective use of energy and resources. We check, assess and monitor the use of resources on a regular basis to reduce the consumption of water, electricity and other resources.

ENERGY SAVING AND CONSUMPTION REDUCTION

The energy required for the Company's operation includes electricity, natural gas, gasoline, etc. The main energy-consuming facilities include air conditioning in clean area where temperature and humidity control is needed, air compressors, reverse osmosis purified water equipment, various equipment in production workshops, lighting in workshops and office, etc.

The Company has renovated the air-conditioning unit for temperature and humidity control in the clean area to save energy and reduce consumption as the air-conditioning unit consumes most electricity. When the air-conditioning unit is operating in a normal mode of the compressor unit, heating unit, humidification unit and blower unit, the temperature and humidity of the clean workshop is under good control to meet the specification requirements and ensure the smooth manufacturing of products. When the manufacturing process is completed, the air-conditioning unit automatically switches to the standby mode, and there is no need to meet any temperature and humidity requirements under such mode. The compressor unit, humidification unit, and heating unit all stop working. The blower is operating at a low speed to maintain a positive pressure and cleanliness in the clean area and avoid contamination. The renovated unit saves more than half of the electricity, thus significantly reduces the electricity consumption. During the Reporting Period, the Company implemented time controls on its refrigeration units, halting their operation on weekends to further reduce energy consumption.

Additionally, the office areas have been equipped with highly energy-efficient LED lights, which save more than half the energy compared to the previous fluorescent lights. The Company's heat exchange stations adjust the heating temperature based on external temperatures and operate at lower temperatures during the night to decrease energy usage.

Greener Environment for Future

The Company has also initiated energy use and energy efficiency improvement plans, with the aim of reducing its energy consumption in the future. Going forward, we will focus on the following areas:

Reducing the use of non-renewable energies

Using renewable energies

Enhancing energy efficiency

Establishing an energy management system

The Company has been continuously advancing green office campaigns, by adopting measures such as providing office supplies to departments on a monthly basis to limit consumption, putting up “save paper” and other environmental protection posters at office, providing recycling boxes for “reusable paper”, and promoting double-sided printing to reduce paper consumption. The Company also responds to the national call for environmental protection activities such as environmental protection educational activities and recycling of packaging materials and plastic bottles to reduce materials consumption.



Energy saving sign at the conference room



Switch off the screen sign at the conference room



Paper saving sign



Air conditioning temperature limit sign

Greener Environment for Future

WATER MANAGEMENT

The Company relies on the municipal water supply network for its production and domestic use. The Company has formulated the “Management Rules for Environmental Protection” to specify the requirements on water running, flowing, dripping and leaking. The Company’s water consumption during production activities is relatively low. The Company’s goal in water resource management is to increase the efficiency of water resource utilization, ensuring that water resources contribute to maximum environmental and economic benefits while meeting operational needs. In the current year, the Company has not encountered any issues regarding water sources. To further conserve water resources, the Company will continue to enhance water-saving publicity and promotion efforts in the future, continuously strengthening employee awareness of water conservation.

PACKAGING MATERIALS MANAGEMENT

In terms of the use of packaging materials, given the nature of the Company’s products, the amount of packaging materials used in our products is small and mainly consists of paper and plastics. Meanwhile, the resources used for the packaging materials have a relatively small impact on the environment.

Due to the nature of the Company’s business, our operations do not involve substantial consumption of natural resources or have a significant impact on the environment.

The Company’s consumption of energy and resources

Metric	Unit	2024	2023
Electricity consumption	kWh	5,204,930.00	2,966,105.00
Gasoline consumption ⁵	ton	12.29	10.73
Natural gas consumption ⁵	criteria m ³	8,660.75	1,269.59
Heat consumption ⁵	GJ	9,371.32	1,870.77
Comprehensive Energy consumption ⁵	1,000 kWh	8,047.50	3,627.68
Electricity use intensity	kWh/10 thousand RMB of revenue	0.15	0.077
Water consumption	m ³	22,895.00	22,103.00
Water use intensity	m ³ /10 thousand RMB of revenue	0.43	0.47
Packaging paper usage	ton	33.60	36.00
Recycled waste paper	ton	30.00	33.60
Packaging material usage intensity	kg/10 thousand RMB of revenue	0.63	0.76

5 To restate or provide additional disclosure regarding the 2023 annual energy consumption and greenhouse gas emissions data.

5.3 ADDRESSING CLIMATE CHANGE

We are actively responding to the national carbon peaking and carbon neutrality goals (“3060 Target”) and promoting CO₂-based greenhouse gas emission reductions in the context of climate change. The Company has taken measures to save energy, improve the ecological environment and improve the management of emissions to make unremitting efforts to achieve the 3060 targets.

We adopt the Task Force on Climate-related Financial Disclosure (“TCFD”) recommendations and disclosed our efforts and future direction in addressing climate change based on the categories of governance, strategy, risk management, as well as metrics and targets.

GOVERNANCE

Based on the climate-related governance and the Company’s ESG governance structure, the Board of Directors determines the Company’s overall ESG targets and management strategies and is responsible for assessing and defining the Company’s relevant ESG risks, and ensuring that the Company has an appropriate and effective ESG risk management and internal monitoring system in place. The Board of Directors’ ESG responsibilities include addressing climate change issues. The Company’s ESG governance framework includes a coordination layer and an implementation layer responsible for executing and implementing climate change management and goals. Relevant employees regularly report to the Board of Directors.

STRATEGY

Climate-related risks include transitional risks related to the transition to a low-carbon economy and physical risks related to the impacts of climate change. Transitional risks can include policy and regulatory risks, technological risks, market risks and reputational risks. Physical risks include acute physical risks (those that are driven by specific weather events, such as typhoons, or floods) and chronic physical risks (refer to longer-term shifts in climate patterns, such as sustained higher temperatures).

Greener Environment for Future

Type	Climate-related Risk	Our Response Measures
Physical Risk	Acute <ul style="list-style-type: none"> The sudden occurrence of extreme weather events such as heavy rain and cold waves may trigger a series of risks including self-imposed production halts or reductions, supply chain disruptions, and difficulties in product transportation, all of which can lead to decreased business stability, increased costs, and reduced production capacity. Extreme weather disasters are also highly likely to cause damage to production equipment and employee safety accidents, adding unfavorable factors. 	<ul style="list-style-type: none"> Incorporate extreme weather factors of primary production locations into operational considerations, regularly inspect the operational status of production equipment to ensure safety and proper functioning. Provide employees with relevant labor protection materials and equipment, and develop emergency plans related to extreme weather.
	Chronic <ul style="list-style-type: none"> Longer-term climate pattern shifts (such as prolonged high temperatures) may lead to increased operational costs and equipment maintenance and repair costs due to higher cooling demands in summer, as well as subsequent costs associated with energy structure adjustments. 	<ul style="list-style-type: none"> Strengthen risk prevention and emergency management efforts. Regularly monitor the climatic conditions of production sites and stay updated with climate change warning information in real-time.
Transition Risk	Policies and laws <ul style="list-style-type: none"> With the refinement and introduction of policies, regulatory authorities are bound to adopt increasingly stringent greenhouse gas emission restrictions and strengthen disclosure requirements for greenhouse gas emissions. 	<ul style="list-style-type: none"> Keep abreast of industry trends and policy changes, and adjust business operations accordingly in a timely manner.
	Tech-nology <ul style="list-style-type: none"> The iterative innovation of production technologies to meet environmental requirements and the process of research and development may bring about increased upfront costs for investing in new technologies or adopting/deploying new operations and processes. 	<ul style="list-style-type: none"> Continue to promote low-carbon technology upgrades, optimize operational strategies, and promptly follow up on the updates and iterations of related technologies.
	Market <ul style="list-style-type: none"> Guided by policies and market trends, and with the gradual increase in customers' awareness of low-carbon environmental protection, changes in raw material prices (such as energy, water) and emission requirements (such as waste) may lead to higher production costs. 	<ul style="list-style-type: none"> Explore and utilize more energy-efficient and consumption-reducing green production technologies to mitigate the adverse effects of increased energy use and emission requirements on the company.
	Repu-tation <ul style="list-style-type: none"> As stakeholders' attention to climate change issues continues to rise, failure to meet their expectations or any related legal violations could potentially harm the company's reputation. 	<ul style="list-style-type: none"> Enhance communication with stakeholders, regularly review the company's emission reduction performance, and dynamically adjust future action plans based on the progress of ongoing efforts.

RISK MANAGEMENT

Based on the features of the industry where the Company operates and the actual circumstances, we have identified and assessed the management process for climate-related risks. The Company has identified environmental and climate-related risks that may lead to operational and financial risks. To address the climate-related risks identified, the Company has developed the “Emergency Response Plan against Extreme Weather Events”, which provides guidelines on prevention, early warning and post-disaster self-rescue, defines the responsibilities of the emergency response team in case of extreme weather events (rainstorm, snowstorm, strong wind), and highlights the importance of collecting information ahead of extreme weather events, monitoring forecasts of extreme weather, and advanced study and determination of the potential adverse effect on the Company’s work safety under extreme weather conditions.

When extreme weather occurs, the EHS Department will communicate climate forecast factors to other departments for making preparation of disaster prevention and relief. To cope with extreme weather or natural disasters, we will take relevant measures under the emergency response plan to minimise the adverse impact and ensure the Company’s normal operation despite the relevant extreme weather events.

METRICS AND TARGETS

The selection of appropriate parameters and metrics and the setting of targets are critical to the measurement of shifts in climate patterns. According to the requirements of the ESG Reporting Guide issued by Hong Kong Stock Exchange and based on its actual circumstances, the Company has defined the climate-related risk metrics related to energy use efficiency and GHG emission management. Meanwhile, the Company has developed the relevant targets, and reviewed the implementation of such targets on a regular basis. The Company’s energy-related goal is to improve the efficiency of energy utilization, ensuring that energy contributes to maximum environmental and economic benefits while meeting operational needs.

The GHG emissions from the Company’s production and operation progress mainly come from the direct and indirect GHG emissions caused by gasoline, natural gas and purchased electricity consumed in daily operations. Based on the sources of GHG, we take corresponding measures to reduce emissions. The measures taken by us to reduce the consumption of purchased electricity mainly include implementing energy-saving and consumption-reduction transformations and introduction of energy-saving equipment.

The Company has made continuous efforts to promote the philosophy of energy-saving, consumption-reduction and green environment, to reduce the emissions at source. We will adhere to the long-term target to promote emission management, waste management and environmental protection, and to eventually realise the circular economy by adopting a sustainable development path.



Greener Environment for Future

Given the ever-changing circumstances where the Company operates and the dynamic market conditions, we will constantly review our practices and adjust our targets and measures in a timely manner. Going forward, the Company will further improve its strategy formulation, risk management, identification and management of metrics and targets, and work with all sectors to cope with climate change and achieve common sustainable development.

5.4 GREEN PROCUREMENT AND SUSTAINABLE SUPPLY

Sincere cooperation with suppliers is an important guarantee for realising Acotec's corporate strategy, and also an inexhaustible driving force for our development. We attach importance to the exchange with suppliers, actively build a cooperation platform, strive to establish a long-term close and mutually beneficial partnership with suppliers. Together, we provide high-quality products and services to customers, and promote the sustainable and stable development of the industry.

To meet the Company's development needs, regulate the cooperation between the Company and relevant suppliers, guide them to enhance their service awareness, the Company has issued the "Supplier Management Regulations" to regulate the audit, evaluation and re-evaluation of suppliers, and ensure that the purchased products meet the stipulated quality requirements and are not lower than the national mandatory standards and comply with the relevant provisions of laws and regulations through evaluation, selection and monitoring of suppliers in accordance with the *Contract Law of the PRC* and other relevant laws and regulations, and the Company's relevant regulations, in alignment with the principle of complementary advantages, equality and voluntary compliance. During the Reporting Period, Acotec engaged a third-party consulting firm to optimize the internal controls of the Company's procurement cycle and provide recommendations. Based on these recommendations, the Company, considering its own circumstances, drafted the "Acotec Procurement Management Policy" and the "Acotec Supplier Management Policy." As of the date of publication of this report, both policies have been officially released company-wide. Additionally, the Company's OA system is in the process of establishing procedures for supplier onboarding and management. Once implemented, these procedures will assist in the effective enforcement of the policies and promote the standardized execution of processes.



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The Company's suppliers can be categorized into Category A, B, and C suppliers, and there are also service providers for sterilization services, calibration, transportation services, etc. Among which, category A suppliers mainly supply raw materials directly related to body blood, category B suppliers mainly provide packaging materials and category C mainly provide production consumables and auxiliary production materials. The business qualification, quality management system and ability to provide qualified samples should be evaluated when we first cooperate with a new supplier. Suppliers are assessed as qualified if they pass all reviews and are approved by the quality director. All the Company's suppliers are required to pass the evaluation to be qualified suppliers. The Company has 174 suppliers in total, including 130 domestic suppliers and 44 overseas suppliers.

The re-evaluation of qualified suppliers is conducted once a year, which is organised by the Quality Management Department and jointly reviewed and evaluated by the Supply Chain Management Department and approved by the quality director. Supplier re-evaluation can be initiated at any time in case of abnormal events such as sudden unavailability, major quality problems, unqualified site audits or major changes. A supplier's performance in meeting the requirements of purchased products (such as timely delivery, reasonable price, after-sale service, satisfaction of technical specifications or quality requirements, etc.) shall be the inputs of supplier re-evaluation. The Quality Management Department shall update the list of qualified suppliers regularly according to the evaluation results of qualified suppliers.

To ensure procurement integrity, the Company's procurement staff is rotated once every few years to avoid the same buyer being in charge of the same supplier all the time. Meanwhile, we have adopted a stringent process of supplier screening to minimise frauds committed by suppliers. The Company's integrity procurement clauses have been extended to cover a certain proportion of clinical trial suppliers, animal testing suppliers, material suppliers, and conference service suppliers, among others.

The Company continues to promote the substitution of externally sourced raw materials with self-produced raw materials, reducing the long supply cycles and the risk of unstable raw material quality associated with externally sourced materials.

We consider the environmental protection performance of products when selecting suppliers, ensure that the purchased products meet the requirements of relevant environmental protection indicators, and give priority to purchasing environment-friendly products and service under same conditions.

Appendix

HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE AND GRI STANDARDS INDEX

Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Instruction				In 2024, Acotec reported information cited in this GRI Index against the GRI Standards.
Applicable GRI 1				GRI 1: Foundation 2021
GRI 2: General Disclosures				
The organisation and its reporting practices	2-1	Organisational details		About us
	2-2	Entities included in the organisation's sustainability reporting		About this report
	2-3	Reporting period, frequency and contact point		About this report
	2-4	Restatements of information		Part of the environmental data
	2-5	External assurance		External assurance unavailable
Activities and workers	2-6	Activities, value chain and other business relationships	B5.1	Green procurement and sustainable supply
	2-7	Employees	B1.1	Equal employment opportunity with protected rights
	2-8	Workers who are not employees		Not applicable
Governance	2-9	Governance structure and composition		Optimising governance to generate synergy and raise efficiency
	2-10	Nomination and selection of the highest governance body		Optimising governance to generate synergy and raise efficiency
	2-11	Chair of the highest governance body		Optimising governance to generate synergy and raise efficiency
	2-12	Role of the highest governance body in overseeing the management of impacts		Optimising governance to generate synergy and raise efficiency
	2-13	Delegation of responsibility for managing impacts		Optimising governance to generate synergy and raise efficiency
	2-14	Role of the highest governance body in sustainability reporting		Optimising governance to generate synergy and raise efficiency

Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Strategy, policies and practices	2-15	Conflicts of interest		Not disclosed
	2-16	Communication of critical concerns		Optimising governance to generate synergy and raise efficiency
	2-17	Collective knowledge of the highest governance body		Optimising governance to generate synergy and raise efficiency
	2-18	Evaluation of the performance of the highest governance body		Optimising governance to generate synergy and raise efficiency
	2-19	Remuneration policies		Not disclosed
	2-20	Process to determine remuneration		Not disclosed
	2-21	Annual total compensation ratio		Not disclosed
	2-22	Statement on sustainable development strategy		Optimising governance to generate synergy and raise efficiency
	2-23	Policy commitments		Optimising governance to generate synergy and raise efficiency
	2-24	Embedding policy commitments		Optimising governance to generate synergy and raise efficiency
	2-25	Processes to remediate negative impacts		Not disclosed
	2-26	Mechanisms for seeking advice and raising concerns		Not disclosed
	2-27	Compliance with laws and regulations		Optimising governance to generate synergy and raise efficiency
	2-28	Membership associations		Not disclosed
Stakeholder engagement	2-29	Approach to stakeholder engagement		Communication with stakeholders
	2-30	Collective bargaining agreements		Not disclosed
GRI 3: Material Topics				
Material topics	3-1	Process to determine material topics		Identification of material issues
	3-2	List of material topics		Identification of material issues
	3-3	Management of material topics		Identification of material issues

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Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Material topics				
1. Economic standards				
Economic performance	3-3	Management of material topics		Identification of material issues
	201-1	Direct economic value generated and distributed		Not disclosed
	201-2	Financial implications and other risks and opportunities due to climate change		Addressing climate change
	201-3	Defined benefit plan obligations and other retirement plans		Equal employment opportunity with protected rights
	201-4	Financial assistance received from government		Not disclosed
Market presence	3-3	Management of material topics		Not disclosed
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Not disclosed
	202-2	Proportion of senior management hired from the local community		Not applicable
Indirect economic impacts	3-3	Management of material topics		Warm Community for Harmony
	203-1	Infrastructure investments and services supported		Warm Community for Harmony
	203-2	Material but indirect economic impact		Warm Community for Harmony
Procurement practice	3-3	Management of material topics		Green procurement and sustainable supply
	204-1	Proportion of spending on local suppliers		Green procurement and sustainable supply

Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Anti-corruption	3-3	Management of material topics	B7.2	Operating in compliance, with integrity and honesty
	205-1	Operations assessed for risks related to corruption		Operating in compliance, with integrity and honesty
	205-2	Communication and training about anti-corruption policies and procedures		Operating in compliance, with integrity and honesty
	205-3	Confirmed incidents of corruption and actions taken	B7(b), B7.1	Operating in compliance, with integrity and honesty
Anti-competitive behaviour	3-3	Management of material topics		Responsible marketing and data security
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Responsible marketing and data security
2. Environmental standards				
Materials	3-3	Management of material topics	A2, A3	Energy saving and consumption reduction for green development
	301-1	Materials used by weight or volume	A2.5	Energy saving and consumption reduction for green development
	301-2	Recycled input materials used		Energy saving and consumption reduction for green development
Energy	3-3	Management of material topics	A2, A3	Energy saving and consumption reduction for green development
	302-1	Energy consumption within the organisation	A2.1	Energy saving and consumption reduction for green development
	302-2	Energy consumption outside of the organisation		Energy saving and consumption reduction for green development
	302-4	Reduction of energy consumption	A2.3	Energy saving and consumption reduction for green development

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Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Water and effluents	3-3	Management of material topics	A2, A3	Energy saving and consumption reduction for green development
	303-1	Interactions with water as a shared resource	A2.2	Energy saving and consumption reduction for green development
	303-3	Recycled and reused water	A2.4	Energy saving and consumption reduction for green development
Biodiversity	3-3	Management of material topics		Not applicable
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Not applicable
	304-2	Significant impacts of activities, products, and services on biodiversity		Not applicable
	304-3	Habitats protected or restored		Not applicable
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		Not applicable
Emissions	3-3	Management of material topics	A1, A3	Emission control and environmental protection
	305-1	Direct (Scope 1) greenhouse gas emissions	A1.1, A1.2	Emission control and environmental protection
	305-2	Indirect (Scope 2) greenhouse gas emissions		Emission control and environmental protection
	305-4	Intensity of greenhouse gas (GHG) emissions		Emission control and environmental protection
	305-5	Reduced greenhouse gas (GHG) emissions		Emission control and environmental protection
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant gas emissions		Emission control and environmental protection

Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Wastewater and Wastes	3-3	Management of material topics	A1, A3	Emission control and environmental protection
	306-1	Waste generation and significant waste-related impacts	A1.1	Emission control and environment protection
	306-2	Management of significant waste-related impacts	A1.3, A1.4, A1.6	Emission control and environment protection
Environmental compliance	103-1	Explanation of the material topic and its Boundary	A1(b), A3	Emission control and environment protection
	103-2	The management approach and its components		Emission control and environment protection
	103-3	Evaluation of the management approach		Emission control and environment protection
	307-1	Non-compliance with environmental laws and regulations	A1(b)	Emission control and environment protection
Supplier environmental assessment	3-3	Management of material topics	B5	Green procurement and sustainable supply
	308-1	New suppliers that were screened using environmental criteria	B5.2	Green procurement and sustainable supply
3. Social standards				
Employment	3-3	Management of material topics	B1	Equal employment opportunity with protected rights
	401-1	New employee hires and employee turnover	B1.2	Equal employment opportunity with protected rights
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	B1	Equal employment opportunity with protected rights
	401-3	Parental leave		Equal employment opportunity with protected rights
Occupational health and safety	3-3	Management of material topics	B2	Fully protect employees in health and safety
	403-2	Hazard identification, risk assessment, and incident investigation	B2.3	Fully protect employees in health and safety

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Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Training and education	3-3	Management of material topics	B3	Promotion with growth
	404-1	Average hours of training per year per employee	B3.2	Promotion with growth
Diversity and Equal Opportunities	3-3	Management of material topics	B1	Equal employment opportunity with protected rights
	405-1	Governance Body and Employee Diversity		Equal employment opportunity with protected rights
Child labor	3-3	Management of material topics	B4	Equal employment opportunity with protected rights
	408-1	Operations and suppliers at significant risk for incidents of child labor	B4.1, B4.2	Equal employment opportunity with protected rights
Forced or compulsory labor	3-3	Management of material topics	B4	Equal employment opportunity with protected rights
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	B4.1, B4.2	Equal employment opportunity with protected rights
Local Communities	3-3	Management of material topics	B8	Warm Community for Harmony
	413-1	Operations with local community engagement, impact assessments, and development programs	B8.1	Warm Community for Harmony
Supplier Social Assessment	3-3	Management of material topics	B5	Green procurement and sustainable supply
	414-1	New suppliers that were screened using social criteria	B5.2	Green procurement and sustainable supply
Customer Health and Safety	3-3	Management of material topics	B6	Responsible production and quality assurance
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Responsible production and quality assurance

Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Marketing and labeling	3-3	Management of material topics	B6	Responsible marketing and data security
	417-2	Incidents of non-compliance concerning product and service information and labeling		Responsible marketing and data security
	417-3	Incidents of non-compliance concerning marketing communications		Responsible marketing and data security
Customer privacy	3-3	Management of material topics	B6	Responsible marketing and data security
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	B6.2	Responsible marketing and data security
Intellectual property protection		Description of practices relating to observing and protecting intellectual property rights.	B6.3	Protection and management of intellectual property rights

